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From Solidarity to Shock Therapy: Examining the Role of Neoliberalism in the Transition from Socialism to Capitalism in Poland

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**From Solidarity to Shock Therapy: Examining the Role of Neoliberalism in the Transition
From Socialism to Capitalism in Poland**

An honors thesis presented by

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To the Department of History

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Introduction

As Soviet power dwindled at the end of the 1980s, few transitions from the Eastern Bloc were as dramatic as Poland's. In a few months, the country went from a member of the Warsaw Pact, COMECON and a command economy to a quickly liberalizing, aspiring member of the neoliberal international order. This transition was driven by the Polish people. Fed up with years of stagnation and political oppression under the Soviet-led socialist order, the Polish people rose up under the banner of Solidarity- an independent trade union that initially served as the illegal opposition to the socialist establishment, and then was eventually legalized in 1989, and then would go on to defeat socialist one-party-rule in Poland shortly after.

Solidarity emerged during the Lenin Shipyard strike in Gdańsk in July, 1980. Shipyard workers began the strike as a protest against “minor meat price rises in factory canteens,”¹ and quickly organized into a large, effective political force.² By August, inter-factory committees had been formed under the leadership of a shipyard electrician named Lech Wałęsa, who would eventually be elected in 1990 as the first non-Socialist president of Poland since before World War Two.

¹ Lukowski, Jerzy, and Zawadzki. *A Concise History of Poland*. Cambridge University Press, 2001. 272.

² Kowalik, Tadeusz. *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. Translated by Eliza Lewandowska. Monthly Review Press, 2011. 12.

Solidarity was a movement made up of different ideologies, all organized against the Polish state. However, a large portion of Solidarity was not anti-socialist, and in fact were critiquing and organizing against state socialism from the left. In *The Roots of Solidarity*, author Roman Laba argues that “Solidarity reversed the Leninist logic of social movements. Instead of a ‘mass’ infused with consciousness and organization from above by an elite, Solidarity developed from below. It was not a spontaneous apparition but rather the product of forty years of conscious but anonymous struggle in Polish factories.”³ A strike bulletin, posted on a wall in the Lenin Shipyard during the strike said:

No one denies that the aim of socialism is the transformation of social relations, but the results accomplished up to now in this sphere have been greatly reduced by the appearance of unjustly privileged groups... It is because of this and solely this that our essential demand is the creation of Free Trade Unions... By guaranteeing our right to a dialogue, and the conditions for it, we want the government to hear the authentic voice of the working class, and not just the echo of its own words.⁴

At its start, Solidarity was about creating an independent trade union to better represent the voices of workers, who were the Polish people, in a pursuit of a more perfect socialism. In an article titled “Solidarity and Socialism” published in a Solidarity newspaper in Szczecin, the anonymous author argues that Solidarity is a struggle for the Polish people to truly achieve social ownership of the means of production.⁵ The anonymous author argues that “If this is the essence of workers’ struggle (fighting for the social ownership of the means of production), then the

³ Laba, Roman. *The Roots of Solidarity*. Princeton, New Jersey: Princeton University Press, 1991. 155.

⁴ Solidarity Strike Editors. “Solidarity Strike Bulletin No. 8.” Translated by Stan Persky and Henry Flam, August 28, 1980. In *The Solidarity Sourcebook*. New Star Books, Vancouver, 1982.

⁵ Anonymous. “Solidarity and Socialism.” Edited by Stan Persky and Henry Flam. Szczecin, December 1980. In *The Solidarity Sourcebook*. New Star Books, Vancouver, 1982. Original English translation in *Labor Focus on Eastern Europe*, Vol. 4, Spring-Winter 1981.

trade union movement Solidarity is socialist in the purest sense of the term.”⁶ At a ceremony commemorating the founding strike of a Solidarity local in Lublin, a statue of a worker breaking his chains was unveiled, a reference to the end of the Communist Manifesto, where Marx and Engels call on the workers to unite, for all they have to lose is their chains.⁷

By the end of the summer 1980, the strike in Gdańsk had spread to other parts of Poland, with significant strikes occurring in Silesia, an important coal mining and industrial region. As a result, Polish authorities capitulated to the demands of Solidarity, signing the Gdańsk Agreement on August 3, 1980.⁸ The demands addressed both political and material concerns. The first point, which was non-negotiable, was to recognize Solidarity as an official, independent trade union. This was at the heart of the decision to strike and organize, Solidarity wanted to be recognized as an official movement made up of workers fighting for their best interests. The third point called for the government to recognize the right to free speech, among others, “Compliance with the constitutional guarantee of freedom of speech, the press and publication, including freedom for independent publishers, and the availability of the mass media to representatives of all faiths.”⁹

These points are significant in showing what Solidarity wanted politically. But just as important to understanding the reforms of 1989 and the early 90s, are the rest of the twenty one points. Points seven through twenty one—two thirds of the document—address wage issues, pensions, food coupons, maternity leave, childcare and a standard day of rest for all workers.¹⁰

⁶ Anonymous, “Solidarity and Socialism.”

⁷ Laba, *The Roots of Solidarity*. 147.

⁸ Lukowski and Zawadzki, *A Concise History of Poland*. 273.

⁹ Inter-Factory Strike Committee. “Demands of the Striking Crews of Factory Workers and the Enterprises Represented by the Inter-Factory Strike Committee.” Translated by Polish Freedom.

¹⁰ *Ibid.*

Throughout the 1980s, Solidarity remained as a semi-legalized opposition to Poland's one-party socialist state. Many of its prominent members were arrested or fled Poland to avoid prison, despite the Gdańsk Agreement promising that the Polish state would allow individuals "to fully observe the freedom to express one's opinion in public and professional life."¹¹

Despite being declared an illegal organization, Solidarity remained an ever-present force in Polish politics. Unable to turn to the rapidly declining Soviet Union for help, and feeling mounting pressure from Solidarity, the Polish state held a referendum on economic reform in 1987.¹² The referendum failed, and a year later, strikes engulfed the country.¹³ Without the Soviet Union to help back up martial law, the government was forced to negotiate with Solidarity. The negotiations, called the Round Table Talks, restored the Senate and President to the Polish constitution. Most importantly, the Sejm, the Polish parliament, was opened up to all parties in a free election.¹⁴

The 1989 free elections were a disaster for the socialist establishment, represented by the Communist Party. All free seats in the Sejm were won by Solidarity-backed candidates, and the first president, Jaruzelski, the former Communist Party General Secretary, who had been named as an interim before the first presidential election could be held, nominated Tadeusz Mazowiecki, a prominent Catholic intellectual who had been jailed for his involvement with Solidarity, for prime minister.¹⁵

¹¹ Press, Khronika, trans. "The Gdansk Agreement: Protocol of Agreement between the Government Commission and the Interfactory Strike Committee Concluded on August 31, 1980 at Gdansk Shipyards." *World Affairs* 145, no. 1 (1982): 11–19. 14.

¹² Lukowski and Zawadzki, *A Concise History of Poland*. 278.

¹³ *Ibid.* 278.

¹⁴ *Ibid.* 279.

¹⁵ *Ibid.* 278.

Solidarity had made it. Now, they could begin the process of reforming the Polish economy. However, that is not what happened. Shortly after taking power, the intellectual politicians that Solidarity elevated to power in order to reform Poland would begin a process of economic reform so rapid and tough for the people who lived through it, that it would later be renamed “shock therapy”. Poland was unable to pursue any policy besides a quick transition to free market capitalism because of the economic mess the new state inherited from the socialist government. Not only was inflation rampant- a problem that required immediate addressing, but Poland also had \$40 billion in foreign debt.¹⁶ This foreign debt needed to be forgiven, as it placed a massive burden on the Polish economy and prevented any meaningful reforms from happening. But because Poland had to get IMF approval on a reform plan to get the debt forgiven, as such, the institution held significant power over the reform plan. This meant that international actors, such as the IMF, and their economic experts like David Lipton, among others, held a lot of sway. Other key figures in the broader Washington Consensus, like Jeffrey Sachs, would play an important role in pressuring the Polish government to adopt rapid, dramatic reforms that turned Poland from a planned economy into a market economy overnight.

In the new neoliberal Poland, no one was more important than the domestic reformer Leszek Balcerowicz, whose disdain for any socialist economic policy helped pave the way for Solidarity intellectuals, who were now in control of the Polish government following the 1989 elections, to adopt shock therapy in the form of the Balcerowicz Plan.

¹⁶ Slay, Ben. *The Polish Economy: Crisis, Reform, and Transformation*. Princeton, New Jersey: Princeton University Press, 1994. 87.

The Balcerowicz Plan was a collection of laws passed by the Polish Parliament that were supposed to result in “an immediate reduction in inflation”¹⁷ and introduce neoliberal economic reforms to immediately make Poland a market economy.¹⁸ While all parts of the plan were passed at the same time, immediate focus was placed on stabilizing Poland’s currency, the zloty.¹⁹

Shock therapy falls under the umbrella of “neoliberal” ideas of how to run a country. As the Berlin Wall collapsed in 1989 from pressures coming from East Germany, the Soviet Union began to crumble under its own weight, and China began looking to liberalize as a way to join the great powers; the Western world emerged from the 1980s as the dominant force in international politics. Ronald Reagan and Margaret Thatcher became examples of how to run a prosperous, strong country. Their new form of liberalism, “neoliberalism,” was accepted as the “natural standard.” According to its proponents, neoliberalism was the final chapter in history—humanity had found the way to organize itself. As such, Poland’s intellectuals, who held leadership roles in Solidarity when it arrived at the levers of power, began to pull those levers in a way that the international neoliberal establishment said would make Poland a prosperous, efficient economy.

During a 1989 visit to Poland, US president George H.W. Bush gave a speech at the Lenin Shipyard in Gdańsk, where Solidarity had started. In the speech, Bush promised that the

¹⁷ Kozłowski, Tomasz. “The Balcerowicz Plan: An Economic Leap Into The Unknown.” Polish History, December 17, 2019. <https://polishhistory.pl/the-balcerowicz-plan-an-economic-leap-into-the-unknown/>.

¹⁸ Ibid.

¹⁹ Slay, *The Polish Economy: Crisis, Reform*. 92.

US would support Poles in their effort to reform their economy, and encouraged them to “follow your dream of a better life for you and for your children.”²⁰

The international neoliberal establishment was made up of both formal and unofficial actors. Formal actors in the international neoliberal establishment include the IMF, and official representatives of wealthy economies like the US, the United Kingdom and France- like President Bush. Unofficial, or affiliated actors were influential academics, members of the media or NGO’s, that held neoliberalism as the gold standard for running an economy, and sought to promote it around the globe. Sometimes they worked in conjunction with formal actors, like Jeffrey Sachs and his work with the IMF in Poland, and sometimes without.

Terminology

Neoliberalism: Defined by David Harvey as:

A theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free-markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defense, police, and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough

²⁰ President George H. W. Bush, “President Bush's Remarks at the Solidarity Workers Monument,” Making the History of 1989, Item #36.

information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit.²¹

By the end of the 1980s, neoliberalism was the dominant economic-political theory in the United States allied side of the Cold War.

Modernization theory, coined by Walt Rostow, is at the heart of neoliberal international economic theory. The theory is defined as: “It is possible to identify all societies, in their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption.”²² According to Rostow, all societies move through five stages of economic growth at the end arriving at “the age of mass consumption,” where economies begin to mass produce “durable consumers’ goods and services,” and “allocate increased resources to social welfare and security.”²³ Rostow, and the neoliberal movement that subscribed to his ideas, viewed “developed” countries like the United States, Great Britain and France as the peak of human progress, and societies furthest along the “natural course of history,” and as such, countries lower behind on the stages of economic growth should copy them. This created the idea within the neoliberal consensus that neoliberal free market capitalism was “natural,” and that other systems were unnatural, or simply behind on the stages of development.

Socialism: State or social ownership of the means of production. This thesis refers to socialism as the economic and political system of Poland between 1945-1989, rather than communism.

²¹ Harvey, David. *A Brief History of Neoliberalism*. Oxford University Press, 2007.

²² Rostow, W. W. *The Stages of Economic Growth: A Non-Communist Manifesto*. 3rd ed. Cambridge: Cambridge University Press, 1991. <https://doi.org/10.1017/CBO9780511625824>. 4.

²³ Rostow, *The Stages of Economic Growth*. 11.

Viewed as an unnatural form of economic and political system by the neoliberal international community.

Shock Therapy: A form of economic policy, defined by Naomi Klein as “a rapid-fire transformation (of an) economy – tax cuts, free trade, privatized services, cuts to social spending and deregulation.”²⁴ Coined by Milton Friedman as “shock policy” in a 1975 proposal to Augusto Pinochet, President of Chile, in order to address Chile’s rampant inflation crisis and turn Chile’s economy into a free-market capitalist economy resembling the United States.²⁵ Friedman defined the policy as a tool to counteract inflation by “controlling the quantity of money, free individual prices from control, privatize governmental activities, (and) eliminate exchange control.”²⁶

Shock therapy is most well-known for its impact on post-Soviet Russia, where throughout the early 1990s it impoverished millions of people and led to the rise of the oligarchs. As of the late 1980s, shock therapy was understood in the neoliberal world as the best way for states to transition to a neoliberal free-market capitalist economy.

Washington Consensus: Theory introduced by John Williamson. “The set of economic policies advocated for developing countries in general by official Washington, meaning the international financial institutions (the IFIs, primarily the IMF and World Bank) and the US Treasury.”²⁷ In this thesis, I refer to the Washington Consensus as not only a set of policies agreed upon as the standard for the neoliberal world, and states looking to join the neoliberal world and “develop”

²⁴ Klein, Naomi. *The Shock Doctrine: Rise of Disaster Capitalism*. New York, N.Y., United States: Metropolitan Books, 2007. 7.

²⁵ Friedman, Milton, and Rose Friedman. *Two Lucky People: Memoirs*. Chicago: University of Chicago Press, 1998, 592.

²⁶ Friedman and Friedman, *Two Lucky People: Memoirs*, 601.

²⁷ Williamson, John. “The Washington Consensus as Policy Prescription for Development.” Presented at the Practitioners of Development, World Bank, January 13, 2004.

<https://www.piie.com/sites/default/files/publications/papers/williamson0204.pdf>.

their economies, but also as an informal group of academics and institutions that held significant sway in the policymaking world.

Williamson also addressed the way critics of the Washington Consensus use the term. He states that critics imagine the Washington Consensus as “the set of policies that the IFIs are seeking to impose on their clients. These vary somewhat by critic, but usually include the view that the IFIs are agents of “neoliberalism” and therefore that they are seeking to minimize the role of the state.”²⁸ This thesis operates on the premise that the Washington Consensus also includes institutions acting as agents influencing reforms and development plans across the world to best fit their interests.

Organization of the Thesis

During the early research process, I arrived on Poland’s transition from socialism to capitalism as a case study to examine how neoliberalism both formally and informally, shapes economic reform and development. I knew Solidarity was not a completely leftist movement, there were many political ideologies present under the movement’s large umbrella. But, it was workers organizing an independent trade union, and certainly large parts of the movement were in pursuit of a better socialism. My question evolved into investigating how a movement that was in large part, critiquing socialism from the left, ended up pushing through a shock therapy reform program when they arrived in power after a decade of civil resistance?

This thesis will examine the individuals, particularly at the elite level, who helped push shock therapy through in Poland, and their various motivations for doing so. In the first chapter, I

²⁸ Williamson, “The Washington Consensus as Policy Prescription for Development.”

will focus on three speeches made by an intellectual reformer who held power in the early days of the transition from socialism to neoliberal capitalism, Tadeusz Mazowiecki. The speeches by Mazowiecki showcase his commitment to neoliberalism, and the unique Polish characteristics he applied to neoliberalism, namely his calls to Polish nationalism and the Catholic Church.

In the second chapter, I will examine the foreign intellectual reformers, who together with Polish intellectuals pushed Poland's reforms to adhere to the neoliberal capitalist standard in the policies of the early 90s. The chapter also examines the collaboration between the foreign reformers—most of whom were American—with the American media to prove that shock therapy was working, even though it was not. Non-Polish reformers, like Jeffrey Sachs, saw Poland as a place to showcase the brilliance of neoliberal intellectual theories like free-market capitalism, and to demonstrate the supremacy of those modern theories on top of the failure of a socialist economy, therefore proving that having a neoliberal capitalist system was the superior way to achieve a prosperous economy. Backing both foreign and domestic reformers up were international actors like the IMF, and the much wider Washington Consensus, who not only wanted to recoup the investment on the loans they had given to the Polish state in the 1980s, but also use those loans as leverage to help push Poland out of the Soviet sphere and socialism, which the Polish people wanted as well, and towards neoliberal market capitalism.

In the third chapter, I will examine what Polish intellectual elites and the Polish people were saying as shock therapy began to have its disastrous impact on the country. Many of the Polish intellectual elites served as advisors for powerful Polish politicians in the early 1990s, and in their roles, continued to push for the neoliberal economic standard to remain in Poland, even as the post-socialists took power in 1993. Finally, I will look at what the Polish people were

saying about shock therapy, and their political mobilization in an attempt to pressure the government to reverse course.

This thesis rests on two assumptions: that the Polish people and Solidarity did not want shock therapy style economic reforms, and that in the short term, shock therapy did not work. Furthermore, it relies on the idea that starting in the 1980s, politicians, intellectuals, and the media in the United States and Western Europe embraced neoliberal democracy and capitalism as the “best” way to run a “modern” country, as well as the idea that in order to be an economically prosperous country, a country had to be modern.

One thing that became clear in doing research for this project was that once Solidarity was in power, the Polish people had almost zero control over the policies the people they elected chose to adopt. However, given that the economic reforms coincided with genuine democratic reforms, the Polish people expressed their unhappiness with neoliberal economic reforms with strikes and protests, and at the ballot box in 1993, when they elected the former Socialist party to power.²⁹

Poland’s transition from a socialist planned economy to a neoliberal, capitalist market economy was not what all the strikers at Gdańsk had in mind in 1980. Solidarity was a movement that involved a lot of people with widely different ideologies under its umbrella. The intellectual leadership wing was split between neoliberals, who favored a rapid transition to capitalism and social democrats, who favored a slower transition.³⁰ The neoliberal side of the

²⁹ Chan, Kenneth Ka-Lok. “Poland at the Crossroads: The 1993 General Election.” *Europe-Asia Studies* 47, no. 1 (1995): 123–45. 123.

³⁰ Slay, *The Polish Economy: Crisis, Reform, and Transformation*. 89.

debate would win, partly because Poland's socialist establishment collapsed at the same time as the rest of Eastern Europe's Marxist states, and coincided with the ascendancy of neoliberalism as the accepted default for designing a country's economic and political system. As a result, the intellectual leaders of Solidarity, which played a large role in leading the movement, saw the neoliberal side "win" the debate over the social democrats, and as a result, the movement had little choice but to accept the neoliberal prescription of free market capitalist reforms to fix Poland's ills.

Chapter I

Leading the Neoliberal Charge: the Speeches of Tadeusz

Mazowiecki

As Solidarity rose to power on the back of the 1989 elections, Tadeusz Mazowiecki, a prominent Catholic intellectual with deep ties to Solidarity, was nominated as the first non-socialist prime minister. The new Polish prime minister had a massive task ahead of him- he would have to manage the economic crisis that Poland faced, and figure out how to manage a massive transition in political and economic systems. Speaking to the Polish parliament on two occasions, first on August 24, and then again on September 12, Mazowiecki laid out his plans for a new, post-socialist Poland.

Mazowiecki's speeches represent the start of the new neoliberal order in Poland. They showcase the beginning of neoliberal market reforms in Poland, and Poland's desire to associate itself with the international neoliberal order. They also showcase the characteristics of Solidarity, drawing on Polish nationalism, Catholicism, and pride in becoming an independent nation once more.

Background of Tadeusz Mazowiecki

As an individual, Mazowiecki is an interesting character. A devoted Catholic, like most Poles, he called himself a "Catholic socialist,"³¹ and worked to ensure that Catholicism was a present force in socialist Poland. Writing about Mazowiecki, political historian Piotr Kosicki said

³¹ Kosicki, Piotr H. "The Christian Democrat Who Wasn't: Tadeusz Mazowiecki and the End of Catholic Politics in Poland." In *Christian Democracy and the Fall of Communism*, edited by Michael Gehler, Piotr H. Kosicki, and Helmut Wahnout, 215–32. Leuven University Press, 2019. <https://doi.org/10.2307/j.ctvrmfq4r.13>. 6.

that he was “Catholic and socialist, but anti-communist.”³² As he moved into a position of prominence, and then power within Solidarity, Mazowiecki served as a prominent driver of a neoliberal future for Poland, as part of a wider clique of neoliberal elites that led the transition from socialism to neoliberalism.³³

Mazowiecki began his career as an anti-government agitator as the head of several discussion circles, known as the “Catholic Intelligentsia Club.”³⁴ These groups would eventually form part of the Znak (Sign) movement, a pro-Catholic intellectual and research group.³⁵ Eventually, during Poland’s de-Stalinization process, as a reward for Znak’s support of Poland’s General Secretary Gomułka, the group was invited to run for seats in Parliament, where Mazowiecki got his first experience in the Polish parliament, serving as an MP from 1961-1971.³⁶

During these years, Mazowiecki would travel to Western Europe several times, attending conferences, and the funeral of Pope John XXIII in 1963. During these trips, Mazowiecki developed a philosophy of “dialogue between believers and non-believers, Catholics and Marxists, as the great ethical calling of Soviet Bloc Catholics.”³⁷ However, after the Prague Spring of 1968 and a move away from freedom of the press and speech in the Eastern Bloc, Mazowiecki found it hard to continue his agenda guided by his philosophy of dialogue. Eventually, he was banned from Parliament after calling for an investigation into the brutal

³² Kosicki, “The Christian Democrat Who Wasn’t.” 15.

³³ Ost, David. *The Defeat of Solidarity*. Cornell, 2005. 37.

³⁴ Kosicki, “The Christian Democrat Who Wasn’t.” 12.

³⁵ Ibid. 12.

³⁶ Ibid. 12.

³⁷ Kosicki, “The Christian Democrat Who Wasn’t.” 14.

suppression of workers' protests in Gdańsk in 1970.³⁸ Ten years later, when Solidarity arose out of the Gdańsk strike, Mazowiecki would emerge as an intellectual leader for the movement.³⁹ This new protest movement cum trade union was the perfect way for Mazowiecki, who had grown to be anti-Communist but pro-Marxist and Catholic,⁴⁰ to advocate for change in his country.

As the Soviet Union and the Eastern Bloc at large began to collapse under economic pressure, Solidarity was invited to negotiate with the Polish government and become a legal labor union.⁴¹ Mazowiecki would be invited by the leader of Solidarity, Lech Wałęsa, to lead the negotiations on behalf of Solidarity. After Solidarity won a majority in 1989, Mazowiecki was invited to lead the party as Prime Minister, with Wałęsa following as the President of Poland in the 1990 elections. Despite his prior mild Marxist leanings, Mazowiecki's economic policies would not be pro-Marxist.

Lacking economic expertise, he appointed Waldemar Kuczyński, a staunch neoliberal, as his economic advisor (and eventual Minister of Privatization).⁴² Kuczyński, like many other Solidarity intellectuals, had spent years abroad at prominent institutions in Paris teaching at the École des hautes études en sciences sociales (School for Advanced Studies in the Social Sciences) in Paris,⁴³ a center of the neoliberal intellectual world. Alongside Kuczyński, Mazowiecki would nominate Leszek Balcerowicz as his Minister of Finance. Balcerowicz was

³⁸ Kosicki, "The Christian Democrat Who Wasn't." 14.

³⁹ "Tadeusz Mazowiecki | Club de Madrid," November 2, 2013.

https://web.archive.org/web/20131102014435/http://www.clubmadrid.org/en/miembro/tadeusz_mazowiecki.

⁴⁰ Kosicki, "The Christian Democrat Who Wasn't." 16.

⁴¹ Ibid. 16.

⁴² Ibid. 18.

⁴³ wyborcza.pl. "Waldemar Kuczyński." Accessed January 28, 2023.

<https://wyborcza.pl/7,76842,7022948,waldemar-kuczynski.html>.

the Polish neoliberal academic of his time, and Balcerowicz would eventually be credited with authorship of Poland's shock therapy plan that changed the Polish economy from a socialist planned economy to a market economy overnight. These advisors would shape the policies of Mazowiecki's cabinet, taking the reform that Solidarity as a movement pushed for, and shifted it into radical neoliberal reforms.

The term "shock therapy" goes as far back as the Russian transition to capitalism, and was written about by Naomi Klein in her book, *The Shock Doctrine: Rise of Disaster Capitalism*, published in 2007. She describes shock therapy as a way to describe rapid and dramatic economic reforms designed to immediately arrest inflation, and usually involve structural changes to the country implementing them. However, as an economic program, shock therapy traces its roots all the way back to the 1973 Chilean market reforms under Augusto Pinochet, his American economic advisor Milton Friedman, and the famous Chicago School.⁴⁴ As Pinochet took power, Chile faced an inflation crisis. In order to deal with the rising prices, Friedman told Pinochet, when he wasn't torturing people in a soccer stadium or throwing them out of helicopters, to "impose a rapid-fire transformation of the economy - tax cuts, free trade, privatized services, cuts to social spending and deregulation."⁴⁵ This would become a popular way of managing and reforming economies for the Washington Consensus.

When the opportunity presented itself in 1989, elements of the Washington Consensus, such as the IMF and the US foreign policy establishment, along with Poland's new pro-neoliberal

⁴⁴ Kedar, Claudia. "The International Monetary Fund and the Chilean Chicago Boys, 1973–7: Cold Ties between Warm Ideological Partners." *Journal of Contemporary History* 54, no. 1 (January 2019): 179–201. <https://doi.org/10.1177/0022009416685895>.

⁴⁵ Klein, *The Shock Doctrine: Rise of Disaster Capitalism*.

market reformers in positions of power over the Polish economy, pushed shock therapy as the solution to Poland's dire economic problems. It came to Tadeusz Mazowiecki to promote these reforms to the Parliament, the people of Poland, and eventually, the international community. In these speeches, his Catholicism and long standing desire for reform all appear, and significantly shape the narrative of the speeches. As a good member of Solidarity, he is eager to reform Poland's stagnant economy and illiberal political system. As a Catholic, he is clear that the church, and Christianity, have a clear role to play in Poland's new order. However, his long standing commitment to socialism did not follow him into office. Domestic and foreign neoliberal reformers would play a key role in Mazowiecki's cabinet, and even after he left office, would continue to guide Poland down the rough, bumpy path to a neoliberal market economy.

The Goals of Mazowiecki's Speeches

Poland was to emerge from the Eastern Bloc, and in the words of Mazowiecki during the August speech, form a "government capable of acting for the good of society."⁴⁶ According to Mazowiecki, the best way to accomplish this aim was to open up the government to non-socialist parties, hold free elections, end censorship, and adopt a market economy.⁴⁷ This new prime minister, along with the famous leader of the Solidarity movement, Lech Wałęsa as President, were going to usher in reforms to bring prosperity to Poland. Mazowiecki promised grand changes for Poland: that inflation would end, and that Poland would assert itself on the world stage once again.

⁴⁶ Mazowiecki, Tadeusz. "A Solidarity Government Takes Power." In *From Stalinism to Pluralism: A Documentary History of Eastern Europe Since 1945*, translated by Gale Stokes, 240–42. Oxford University Press, 1991. 240.

⁴⁷ *Ibid.* 240.

These first two speeches, along with a third that Mazowiecki gave to the Conference for Security and Cooperation in Europe in early 1990, showcase the desire that Mazowiecki had to create change for the Polish people:

We want to live in a country with a healthy economy, where it pays to work and save, and [where] the satisfaction of basic material needs is not bound up with hardship and humiliation. We want a Poland open toward Europe and the world; a Poland that-without an inferiority complex participates in the creation of material and cultural goods; a Poland whose citizens feel like welcome guests and not bothersome intruders in other countries of Europe and the world... I come as a man of 'Solidarity,' faithful to the heritage of August.⁴⁸

Yet, the international reformers and their voice is noticeable in these speeches. While the transition away from the Eastern Bloc and out from the political domination of the Soviet Union was fueled by the people and their desire for better material and political conditions, the reform process started by the people would be hijacked by elite actors. These actors were prominent economists, both foreign and Polish, and Western states who sought to capitalize on the conditions created by the faltering Soviet Union as the iron curtain was dissolving. Alongside state actors neoliberal international organizations like the Conference for Security and Cooperation in Europe, soon to be renamed the OSCE, and the IMF played a large role in the hijacking of Poland's economic reforms. This hijacking process is at play in Mazowiecki's speeches. When addressing the CSCE, Mazowiecki spent most of the speech pledging that

⁴⁸ Mazowiecki, "A Solidarity Government Takes Power." 240.

Poland would join the growing pan-European international institutions as a fully willing participant in the Western European neoliberal economic and political order.⁴⁹

From Mazowiecki's three speeches, we can learn about the early days of Polish market reforms, what the reformers expected to happen, and the historical processes at work. At the heart of Mazowiecki's ideology is the neoliberal idea that the Western political system is supreme, modern, and that it is natural; he references Poland's "return" to this system in his two speeches to Parliament. Additionally, he views a market system as not only natural, but complementary to a democracy. This is a view central to neoliberalism, and absolutely en vogue around the late 1980s. This idea was introduced, ironically, by a neo-Marxist, Barrington Moore, who argued that "No bourgeois, no democracy."⁵⁰ According to Moore and the neoliberals that followed, capitalism, which is the system of the bourgeois, is necessary to create a democratic system, therefore the two go hand in hand.

There is a reason that market reform takes more priority than political reforms in his speeches. Part of it has to do with the failure of the command economy, but is also quite revealing of the political camp that Mazowiecki and the reformers belonged to. Combined with his statements about unburdening Polish society, and guiding, not directing, it is almost surprising that he doesn't make the famous Reagan joke about the worst possible thing you could hear being "I'm from the government and I'm here to help."

⁴⁹ Mazowiecki, Tadeusz. "Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland." Paris, France: Conference for Security and Cooperation in Europe, 1990. <https://www.osce.org/files/f/documents/6/8/470151.pdf>. 2.

⁵⁰ Moore, Barrington. *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*. Beacon Press, 1993.

However, Mazowiecki has to be careful- he came to power on the back of popular protest. As such, he emphasizes in these speeches his role as a national leader for the Polish nation, not just the state, and concerns himself with the nation's health and prosperity. He is careful to argue to the Polish people that these reforms will benefit them, and are in their best interests- despite acknowledging that market reform, privatization and curbing inflation will probably make things worse. And they did. The first three speeches from Mazowiecki showcase the idea that neoliberalism and modernization are natural, while at the same time, showing that in order to adopt the policies on the back of a popular movement, it is necessary to cloak them with popular narratives like nationalism.

The first thing Mazowiecki says in his August speech is reminiscent of many elected leaders. He begins by acknowledging his new role, and pledging that he would not rule as the head of the anti-Socialist opposition, but as the new leader for all Poles, socialist and non-socialist alike. He began his speech by saying that "I want to form a government capable of acting for the good of society, the nation, and the state. Today such a task can be undertaken only by a government open for cooperation of all forces represented in parliament and based on new political principles."⁵¹ As far as messages from newly elected heads of governments goes, it is fairly standard. Mazowiecki was now in charge of uniting a country that was fractured from years of economic and political instability, and most crucially, was now charting its own, independent path from the Warsaw Pact. As one of the leaders of Solidarity, he was a promoter of liberal democracy, and leaders of liberal democracies are supposed to reconcile with the opposition in their inauguration speech and demonstrate that they rule for everyone. However,

⁵¹ Mazowiecki, "A Solidarity Government Takes Power." 240.

the key message of Mazowiecki's speech was not only that he would be a unifying Prime Minister, but that Poland was moving forward, past socialism and into the new world of neoliberalism.

Shortly after giving this speech, Mazowiecki would give another speech to Parliament. This speech, occurring on September 12th, 1989, had a different tone. At this point, Mazowiecki and the President of Poland, Lech Wałęsa had a fully formed government that Mazowiecki said was "a Government supported by all the reform forces represented in parliament."⁵² This speech was more of a policy statement. While both speeches are somewhat conciliatory, and in both Mazowiecki states his intent to reform Poland's economy from a planned economy to a market one, the September speech is much longer, and it contains significantly more detail in the policy that Mazowiecki lays out.

For example, in the August speech, Mazowiecki says "we will begin without delay demonopolization of structures that supply the food market, structures whose excessive growth is one of the causes of high prices and of slowing rural development."⁵³ This is certainly a declaration of policy- Mazowiecki declaring that food production will be quickly opened up for capitalist style competition in order to drive up demand for food products, a clearly radical shift in policy for Poland. However, he does not detail how exactly this demonopolization will happen. This August speech is a much more triumphal, rousing speech- one for grand promises and intended to inspire and give a broad roadmap for Poland's future.

⁵² Mazowiecki, Tadeusz. "Into the Breach: The Designation Speech and Expose of Tadeusz Mazowiecki and Poland's Transition from Communism." Translated by Cezar M. Ornatowski. *Advances in the History of Rhetoric*, February 1, 2013. 60.

⁵³ Mazowiecki, "A Solidarity Government Takes Power." 240.

In contrast, the September speech, being given under different political conditions, is equally as radical in its neoliberal policies and what Mazowiecki says, especially in its declarations that are counter to socialist, and at large, Soviet policies. It is also a much more detailed document policy-wise. Instead of making broad statements like “We will start without delay demonopolization of the structures serving the food market,” Mazowiecki gets much more specific.⁵⁴ For example, when talking about how to free up the Polish economy from those state monopolies, Mazowiecki specifically outlines the policy of how Poland would achieve this—through tax policy. “A matter of momentous importance is preparation of a thorough reform of the tax system. It will include an elaboration and implementation of an authentic personal income tax. Its rates will not, however, contradict the fundamental goal of activating the powerful resources of human initiative and entrepreneurship till now dormant in our society.”⁵⁵ While certainly significantly capitalist in its message, tax reform is almost certainly boring, and is not fit for a rousing, inspiring call to action. The difference in the language and messaging between the August and September speeches reflects the difference in both the political moment, even across a few weeks, and in what Mazowiecki is trying to achieve.

In August, Mazowiecki focused on rallying the forces for reform in Parliament, and the Polish people in general. In September, once a coalition government was created, Mazowiecki got the luxury to detail his policies on attacking inflation, privatizing state-run businesses, and opening up the Polish art community to free expression.⁵⁶ The September speech is notably longer, with a word count more than four times higher than the August speech (1,287 words in

⁵⁴ Mazowiecki, “A Solidarity Government Takes Power.” 241.

⁵⁵ Mazowiecki, “Into the Breach.” 48.

⁵⁶ Mazowiecki, “Into the Breach.” 42.

August vs 5,680 words in September) in the original Polish text. In fact, the September speech was so long, that Mazowiecki was forced to ask the Speaker of the Parliament for a recess because he felt physically sick.⁵⁷ However, he was not too sick to crack a joke afterwards, saying that “I have reached the same state as the Polish economy, but I have recovered. (Applause).”⁵⁸

In the context of formerly socialist Poland, the nature of the reforms Poland’s neoliberals were about to undertake is notable. However, despite the precarious nature of changing a state’s entire economic system and society, Mazowiecki was not militant about this transition. After all, Solidarity was non-violent, and concerned with making a better Poland for all of its people, therefore, Mazowiecki was keen to reach across the divide to ensure that all would be welcome in the new order. “I want to be the prime minister of all Poles, regardless of their views and conditions, which must not be a criterion for dividing citizens into categories. I will undertake efforts so that the principles of the new government will be clear to all.”⁵⁹ In the context of moving past socialist Poland, the line about leading all Poles, no matter what their views are, and not dividing people by those views, must have been a massive moment for a country that had been under tight political repression, and shows that Mazowiecki and the reformers would stick to Solidarity’s movement for a democratic Poland.

Poland’s New Political System According to Mazowiecki

Democratic reforms were at the heart of what Solidarity organized for. Once in power, these democratic reforms would be paired with economic reforms. For neoliberals, Poland had

⁵⁷ Mazowiecki, “Into the Breach.” 52.

⁵⁸ Ibid. 52.

⁵⁹ Mazowiecki, “A Solidarity Government Takes Power.” 240.

one half of the formula: they had a representative democracy, but they were missing the other half, a capitalist, free-market economy. In his speeches, Mazowiecki makes constant references to Poland's new democracy as a tool for achieving the goal of a neoliberal market economy.

Mazowiecki was explicit about toleration for political opposition, a remarkable feat not just because of the past half-century of political repression, but also because of the tenuous hold Solidarity had on the country. It had just taken power and was certainly not secure in its position yet. In August, Mazowiecki said, "One has to return to Poland the mechanisms of normal political life. The transition is difficult, but does not have to cause shaking... The principle of struggle, which sooner or later leads to elimination of one's opponent, must be replaced by a principle of partnership. We will not pass from the totalitarian system to [a] democratic system any other way."⁶⁰

This commitment to democracy is as much a signal to his people as it is to the US-led neoliberal order that Poland is abandoning socialism in favor of neoliberal democracy. Having these two audiences makes it hard for Mazowiecki- on one hand, he is Tadeusz Mazowiecki, the Catholic and Solidarity reformer revolutionary committed to leading and building a new country where "Poles themselves will solve Polish problems."⁶¹ Yet, at the same time, while certainly a committed Catholic, Mazowiecki was not an ardent Catholic nationalist. He is careful to proclaim his commitment to creating a Poland for all nationalities, not just Polish people⁶², and despite Catholicism's and the Catholic Church's instrumental role in helping Solidarity in its struggle against the socialist Polish state, Mazowiecki is clear that he intends Poland to be a

⁶⁰ Mazowiecki, "A Solidarity Government Takes Power." 240.

⁶¹ Ibid. 241.

⁶² Mazowiecki, "Into the Breach." 40.

multi-faith state. “The Government wants to cooperate with the Catholic Church as well as with all other denominations in Poland. Freedom of religion is a natural and inalienable human right, and every attempt against it is an act deserving of condemnation.”⁶³

Mazowiecki leans heavily into the canon of neoliberal rights. On top of toleration of political opposition and freedom of religion, Mazowiecki promotes de-censorship and a decentralized media, meaning an independent news landscape free from government control.⁶⁴ This is an important idea for a neoliberal democracy, as an independent press is supposed to act as a check against government power. The newly freed press would do just that in post-socialist Poland. Newspapers like *Rzeczpospolita* and *Gazeta Wyborcza* would report on the poor conditions that shock therapy was producing, and the strikes that the Polish people went on in protest. This watchdog role of the press is a key indicator that the political reforms Solidarity fought for succeeded.

Mazowiecki promises a free flow of information “in both directions—between the Government and the people,” as both a nod to ⁶⁵ He also explicitly names freedom of the press as a necessity for the new Polish state, significant, due to the tight hold that the socialist state had on information, promising that “The growth of the [independent] press must not be administratively regulated and censorship must continue to be curtailed.”⁶⁶

Ultimately, the goal of opening the press and ending censorship is to help forge a new political character for the Polish state.⁶⁷ Yes, a free press and a people armed with ways to

⁶³ Mazowiecki, “Into the Breach.” 40.

⁶⁴ Ibid. 26.

⁶⁵ Mazowiecki, “Into the Breach.” 38.

⁶⁶ Mazowiecki, “Into the Breach.” 38.

⁶⁷ Ibid. 38.

receive its message is a good way to fight against totalitarianism- but it is important not to passively accept the notion that a “free” press automatically means tolerant of all ideas. By 1996, five years after coming to power, the reform coalition had not taken steps to reform the 1984 Press Law, passed during the socialist government’s strict crackdown on reform voices in the press.⁶⁸ Yes, Mazowiecki and the reformers were opening Poland to the marketplace of ideas. Newspapers like *Gazeta Wyborcza*, which was launched by Solidarity to be their official newspaper (although they quickly cut official ties), were venues where a variety of different viewpoints were shared. For example, a major part of the Balcerowicz Plan was a complete overhaul of the Polish agricultural sector, which turned out to be incredibly controversial.

The debate played out in *Gazeta Wyborcza*, which published both the critics and the proponents of the reforms. Critics like Solidarity leader Gabriel Janowski, who warned that the reforms would fail and lead to mass strikes were directly quoted.⁶⁹ A month later, *Gazeta Wyborcza* published an article that gave the pro-reformers side of the debate, where they argued that the reforms were necessary as part of the larger effort to restructure the economy, despite the increased control that they would give to the agricultural lobby.⁷⁰

The new free press also got into disagreements with the new leaders of Poland, without being imprisoned, a notable victory for the reformers and a clear indicator that times had changed in the country. At a 1990 rally in Poznań, newly elected president Lech Wałęsa spoke to

⁶⁸ Sadurski, Wojciech. “Freedom of the Press in Postcommunist Poland.” *East European Politics and Societies* 10, no. 3 (September 1, 1996): 439–56. <https://doi.org/10.1177/0888325496010003004>. Page 4.

⁶⁹ *wyborcza.pl*. “Ultimatum Dla Balcerowicza.” January 3, 1990. <https://classic.wyborcza.pl/archiwumGW/6002388/Ultimatum-dla-Balcerowicza>. Translated with Google Translate.

⁷⁰ Gzylo, Andrzej. “Salomonowa Decyzja Balcerowicza.” *Wyborcza.Pl*, February 7, 1990. <https://classic.wyborcza.pl/archiwumGW/6013688/SALOMONOWA-DECYZJA-BALCEROWICZA>. Translated with Google Translate.

a large crowd of supporters about the economic reforms, and the political composition of the new government post-Mazowiecki. During the rally, he also directly challenged *Gazeta Wyborcza*, calling out a supposed lie that they had printed. In turn, the reporter present at the rally responded in the article: “Wałęsa again publicly accused *Gazeta Wyborcza* of a false report from Gdańsk, where he proposed to distribute checks for PLN 100 million to Poles. I was the author of that account and I declare that I faithfully rendered Wałęsa’s words.”⁷¹ Evidently, neoliberal political reforms were working.

That’s not to say that the Polish government did not participate in media manipulation. The new government, like all governments, certainly did so, and particularly used said manipulation to push the economic reforms, which were becoming a tough pill to swallow for the Polish people. Soon after giving the September speech, Mazowiecki installed Andrzej Drawicz as the new head of Poland’s Committee for Radio and Television Affairs. According to the *New York Times*, Drawicz was a “a staunchly pro-Solidarity writer,”⁷² who had been arrested in 1981 for his anti-government views. Drawicz, who was obviously on board with Mazowiecki’s reform plans, told the *Times* that one of the most pressing issues facing the ministry was “to resolve the status of thousands of radio and television reporters who were purged under martial law.”⁷³ A noble goal, especially considering many in Solidarity, including Drawicz, and Malgorzata Niezabitowska, a spokesperson for the government who the *New York Times* quotes heavily, both had their lives impacted by socialist government censors.

⁷¹ Leski, Krzysztof. “Nowy Rząd Nie Od Razu.” *Wyborcza.Pl*, October 12, 1990.

<https://classic.wyborcza.pl/archiwumGW/6000136/Nowy-rzad-nie-od-razu>. Translated with Google Translate.

⁷² Tagliabue, John. “Poland’s Censors Beginning to Fade.” *The New York Times*, October 1, 1989, sec. World. <https://www.nytimes.com/1989/10/01/world/poland-s-censors-beginning-to-fade.html>.

⁷³ Tagliabue, “Poland’s Censors Beginning to Fade.”

Niezabitowska listed out the four main goals of the new Committee for Radio and Television affairs, which included the “gradual elimination of censorship,”⁷⁴ along with promoting private press agencies, liquidating the former socialist news agency, and accrediting foreign journalists from agencies like Radio Free Europe.⁷⁵

While Mazowiecki said in his September speech that he wanted to “maintain good-neighborly and friendly relations with the Soviet Union,”⁷⁶ policies like the one being undertaken by the Committee for Radio and Television show that in Poland, the old socialist ways were being essentially discarded. Beyond freeing formerly imprisoned journalists and opening publications closed by socialist censors, the new Polish state began the process of eradicating the old order and replacing it with a new, Solidarity approved media. For example, upon his appointment, along with resolving the status of purged journalists, Drawicz “moved quickly to remove the national networks’ three news anchormen, who he said were too closely linked to the Communists.”⁷⁷ It is obviously understandable, and almost unquestionably morally good to remove journalists from prison, and stop censoring the press. But for the newly censorship-free Poland to immediately fire the anchormen, because they were at the network under the previous regime, seems like the very censorship that Mazowiecki, Solidarity and Drawicz set out to eliminate.

Decisions like firing the old anchormen came down to the need to protect the reforms. In this specific instance, keeping the anchormen would have meant a potentially new critical voice

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Mazowiecki, “Into the Breach.” 26.

⁷⁷ Tagliabue, “Poland’s Censors Beginning to Fade.”

of the reforms in the news. Mazowiecki was pushing a market economy as the cure for the ills of inflation and stagnation. Doing so required the consent of the population of Poland, who had just put a government in power that promised them that their voices would be paramount in drafting policy. But, the government could shape this protest. By shaping the media, and installing not just Solidarity reformers, but also actual neoliberals into leadership and journalistic roles in the media, and silencing dissent, the new reform coalition ensures that the debate operates within the confines of neoliberalism, much like in the United States.

Officials like Niezabitowska fit the mold of Solidarity reformers who clearly care about Poland. Following her time in the government, Niezabitowska would publish books on Polish Jews, and on Polish soldiers in World War Two, who also held key neoliberal credentials. *The New York Times* tells its American audience that Niezabitowska holds real credentials- they ignore her degrees from the University of Warsaw and the University of Vienna,⁷⁸ and instead focus on her Niemen Fellowship,⁷⁹ a journalism program at Harvard, a school any self-respecting neoliberal should strive to get an education from, and a prominent institution in the Washington Consensus. Niezabitowska's commitment to the people of Poland is not at question here, but rather the fact that Mazowiecki and the reformers often turned to the neoliberal Washington Consensus, and the institutions that participated in it for officials, shows that they were interested in replicating those institutions and the ideas that went along with them in Poland.

Poland's new government had a tough path to follow. On one hand, they were a government put into power by the people, explicitly to represent those people's interests. After

⁷⁸ Małgorzata Niezabitowska, *Rzeczpospolita*, September 16-17, 1989.

⁷⁹ Tagliabue, "Poland's Censors Beginning to Fade."

all, that was what the Solidarity movement was about. But, at the same time, the economic reforms they wanted to undertake were non-negotiable. According to Mazowiecki, who represented the Solidarity elite position, Poland was past the time for ideological experiments.⁸⁰ This forced Mazowiecki to play two roles. Like the new spokesperson for the neoliberal led Committee for Radio and Television, Malgorzata Niezabitowska, Mazowiecki would have to play both the national hero and reformer at home, while also showing the US led Western world that the new political order he was leading in Poland would be committed neoliberals.

Given that the new government that Mazowiecki was heading came to power on an anti-socialist, anti-Soviet wave of protest, it makes sense that he would promote the ideas they stood for, like that Poland would be an independent democracy, and promise the people that put him and Solidarity into power a system where their voice would matter in governance. On the other hand, his commitment to democracy is also a clear statement to the IMF and the US led international system, who viewed the fall of Poland as a massive win in the final battle of the Cold War. These nods to Western creditors are sometimes explicit. In his September address, Mazowiecki says “Indispensable will be undertakings [leading] toward limiting the money supply to the economy. The Government will propose limits on investment credits,”⁸¹ a clear indication that Poland is ready to implement measures that established neoliberal states and their economists argue are necessary. Poland declaring that the international order the new state wanted to join was the neoliberal international order was a win for the neoliberal international community, and exactly what the neoliberal states wanted from their investment. The narrative

⁸⁰ Mazowiecki, “A Solidarity Government Takes Power.” 241.

⁸¹ Mazowiecki, “Into the Breach.” 46.

of a nation removing themselves from the Soviet sphere of influence in favor of joining the neoliberal order through democracy was exactly the type of narrative the neoliberal order wanted. Neoliberalism means democracy, and a democratic revolution choosing the international democratic order is how the neoliberal states imagined the world should be- the fact that Poland was leaving the Eastern Bloc made it that much more of a win. These countries that Mazowiecki was signaling to also held the purse strings for the IMF, and as such, it was important to show that Poland was on board with the conditions that the IMF and the countries that direct the organization would give to the country in order to get access to financing.

However, just like in many neoliberal states, while dissenting opinions are more or less tolerated, their voice would not be heard when it came to actually creating this new, non-Soviet aligned Poland. Mazowiecki's speech was firm in what the new Poland would look like. "The current philosophy of the state must be changed. It cannot take care of everything and guarantee everything. It should facilitate and regulate activities. The most important role for the government and administration at this moment is opening possibilities for common actions and individual actions."⁸² This statement is the thesis of the August speech. Combined with his commitment to transition from "totalitarianism to democracy"⁸³, a clear picture of the new Poland that Mazowiecki and the new coalition government intend to create is formed.

Mazowiecki's speech was declaratory for a new order in Poland, the neoliberal order. While democracy and an open political system plays a key role in any neoliberal society, Mazowiecki is much more focused on the economic status of his new country. This is

⁸² Mazowiecki, "A Solidarity Government Takes Power." 240.

⁸³ Mazowiecki, "A Solidarity Government Takes Power." 240.

understandable- the collapse of the socialist government had as much to do with the deterioration of material conditions as it did to the frustrations of the Polish people living under political oppression from Moscow.

Neoliberal Reforms to Solve the Economic Crisis

Mazowiecki is careful to point out that the changes he proposes making will be the antidote to Poland's current economic crisis: "Any changes, on which the nation's prospects and citizens' welfare depend, are blocked today by inflation and the lack of an economic balance... Restoring equilibrium and stifling inflation is a task of utmost economic importance, as well as political and economic significance."⁸⁴ The political reforms that Solidarity fought for were of paramount concern for the Polish people- freeing them from the political oppression that occurred under the socialist state was of massive importance. By tying the political reforms to the economic reforms, Mazowiecki makes these economic reforms just as important, and justifies the painful path of shock therapy, as the fast neoliberal capitalist reforms are made necessary to protect the newly achieved political freedoms.

Mazowiecki—and Solidarity's intelligentsia leaders in general—at this point, had become firmly committed to neoliberal economic reforms, nothing from the former socialist system was to remain. Zbigniew Pełczyński, an Oxford trained, George Soros funded Oxford philosopher who acted as an advisor for Solidarity's reforms and worked closely with Balcerowicz on his shock therapy plans, said in an interview in 2010, "We had no choice but to adopt shock therapy. The neoliberals were self-assured and compellingly argued their case for

⁸⁴ Ibid. 240.

radical reform. Change from within the communist system hadn't worked, so it was time to try something new."⁸⁵ The transition from socialism was as much about democracy as it was about the Polish economy- the two are completely interwoven with one another. As such, drastic economic changes, like a complete change in Poland's economic system, was not only necessary, but it was also expected.

This question, of whether to fully abandon socialism or not was certainly contentious in Poland during the time of transition. Unlike Chile, the abandonment of socialism was not violent, and socialist opposition was tolerated. There is an interesting question: why was the abandonment of socialism violent in Chile, where it had barely taken hold, and non-violent in Poland, where the socialist command economy had become entrenched after almost 50 years of existence? Unfortunately, that is beyond the scope of this thesis. However, the topic of how much of socialism should be abandoned was contentious enough that Leszek Balcerowicz, the author of the all important shock therapy program, took time in 1989 to engage in this debate. This point is significant: just as the socialist economy began to fully collapse, and his policies were about to be enacted, Balcerowicz felt that it was important enough to fully defend the complete abandonment of socialism.

Balcerowicz defines this socialist market economy as a system that "depart(s) even further from the traditional Soviet model (i.e. further than the presently most reformed socialist economies actually do) but not as far as to fall within the scope of capitalism."⁸⁶ In this system, Balcerowicz says that there would be no "administrative interference in the terms of specific

⁸⁵ Zeniewski, Peter. "Neoliberalism, Exogenous Elites and the Transformation of Solidarity." *Europe-Asia Studies* 63, no. 6 (2011): 977-94.

⁸⁶ Balcerowicz, Leszek. "On the 'Socialist Market Economy.'" *Acta Oeconomica* 40, no. 3/4 (1989): 184-89.

transactions, e.g. administrative prices or administrative rationing. The demand is thus not constrained by any official quotas and its changes can freely express themselves in prices. Furthermore, the supply is free to adapt to a changing demand, both in the short and in the longer run.”⁸⁷ These statements seem directly tailored to Poland’s economic situation during the late 1980s: inflation was rampant, and necessary goods were hard to come by. These issues and stagnation on a systemic level were blamed on socialism. At a lower level, these issues were attributed to the nomenklatura, bureaucrats that made Poland’s market economy run incredibly inefficiently. Balcerowicz even names the nomenklatura as in “clear contradiction with this description of the market mechanism.”⁸⁸ As such, they needed to go.

Ultimately, Balcerowicz does not think market socialism would do enough to bring prosperity and economic growth to Poland. “It seems possible that some of these schemes could raise the overall efficiency of even the most reformed socialist economies. However, these potential gains in efficiency appear to be lower than those achievable under capitalism.”⁸⁹ Just like Mazowiecki argued a year later, nothing but complete reform would be tolerated.

This type of revolutionary neoliberalism was incredibly important to both the Polish reform movement, and the Western neoliberals backing it. Balcerowicz, an important and prominent Polish economist clearly arguing for an abandonment of socialism in favor of capitalism was a massive win at home and abroad. At home, it lent credence to the argument Mazowiecki would give to his people that in order to fix Poland’s problem, a capitalist market economy was the best and only option. For the neoliberal international community, it was

⁸⁷ Balcerowicz, “On the ‘Socialist Market Economy.’”

⁸⁸ Ibid.

⁸⁹ Balcerowicz, “On the ‘Socialist Market Economy.’”

another victory, and a signal that the time of Soviet socialism had come to an end; even better, it would be replaced with Western capitalism. In an added bonus, Balcerowicz's declaration coming in an academic journal (in English!) for all to read played perfectly into the neoliberal idea of a marketplace of ideas being the place for reform to take place, and is another example of a signal to the neoliberal establishment that Poland's leaders want it to join the neoliberal political and economic order.

Solidarity and the reform movement were all about these types of discussions- and once they came to power, Mazowiecki was quick to encourage this type of argument in the Polish academy. Polish scholarship presented a lot of opportunity for Mazowiecki and the reformers. Scholars played an important role in the reform movement, and anti-socialist economists played a large role in arguing against socialism as the way to manage Poland's economy, and promoting neoliberal capitalism as the way to go. Second, the academy and education for children represented the future of Poland. Once again, Mazowiecki is careful to promise favorable policies for the people that put him in power. Students during the civil resistance years argued against government overreach, so Mazowiecki is careful to promise reforms that promise self-governing academic institutions.⁹⁰ But, by acknowledging that the "state of [Polish] education is cause for grave concern,"⁹¹ Mazowiecki can justify reforms that will help perpetuate his power. Just as he is eager to spread the newly liberated press to the masses with televisions and radio, it is only natural that the new way of doing things in Poland would come to schools and universities. The new state, eager to entrench its power, encouraged that spread.

⁹⁰ Mazowiecki, "Into the Breach." 38.

⁹¹ Ibid. 38.

Given that Balcerowicz wrote this paper slightly before the fall of the socialist government in Poland, its declaration is quite radical- a socialist Pole declaring that socialism must be abandoned in favor of its opposite, capitalism. It is also peaceful: Balcerowicz makes no argument that the Polish people must take up arms to overthrow socialism. His argument is very much within the civic disobedience of Solidarity, which fits precisely within neoliberal ideas of how to protest and make change. Balcerowicz does what every good neoliberal is supposed to do. He respectfully engages with the opposing viewpoint, in this case, market socialism, and thoughtfully, but respectfully, deconstructs it. In the end, Balcerowicz' speech was most useful in giving credence to the statements that Mazowiecki makes in favor of a market economy for Poland.

Through policies like opening up universities in Poland and loosening strict state control over them, the ruling coalition hoped to stimulate organic opposition to socialism and promote neoliberal capitalism as the "standard" for Poland, similar to what Balcerowicz's paper argues. As stated in the September speech, Mazowiecki explains that under the new neoliberal democratic order, "The current philosophy of the state must be changed. It cannot take care of everything."⁹² Together with Balcerowicz's argument that even a socialist market economy hybrid would not work, the two make a compelling case for a state and society centered around a neoliberal market economy. Balcerowicz will supply the economic reforms, and Mazowiecki will supply the political and social reforms. However, the opening of Polish universities could mean that dissenting, socialist views could be espoused.

⁹² Mazowiecki, "A Solidarity Government Takes Power." 240.

And certainly, there were socialist professors that taught in Polish universities post transition. But Mazowiecki reminds his people in the August speech that while the Polish state intends to be hands off, it won't be completely absent. While the state cannot "take care of everything,"⁹³ it must "guarantee everything. It should facilitate and regulate activities."⁹⁴ By pursuing this halfway-laissez faire approach to regulating elements of society, elements of Polish society now freed from overt censorship could promote, publish and organize around promoting Mazowiecki's reforms, while at the same time enjoying the government's help with their policy of "Opening possibilities for common actions and individual actions."⁹⁵ At the same time, Mazowiecki does not promise total freedom for people to say and do what they want; as in every state, there is either an overt or covert level of opposition tolerated. By promising liberal reforms, Mazowiecki can change Polish society, make it appear more democratic, and justify crackdowns if they are necessary, especially if they threaten Poland's transition to a market economy.

In fact, the reference to "opening possibilities for common actions and individual actions" is mostly in reference to the state's new role in Poland's transition to a market economy. Most of Mazowiecki's September speech is dedicated to talking about the transition to a market economy, and how not only will it benefit Poles, but also how the new Polish state will join the wider international community of developed market economies, and rejoin the path of history Poland was going down before the Soviets took control of Poland, in what Mazowiecki calls the

⁹³ Mazowiecki, "A Solidarity Government Takes Power." 240.

⁹⁴ Ibid. 240.

⁹⁵ Ibid. 240.

“Polish march to freedom.”⁹⁶ First, Mazowiecki lays out the problem at hand, before summarizing what will be done about it, by both the government and the people.

The most important issue for society is the condition of the national economy, which now has to be considered critical... The problem is how to get out of it. I am fully aware of the great effort that repairing the economy will require of the new government and everybody. The long-term strategic goal of the government's activities will be restoring to Poland economic institutions long known and tested. I understand by this a return to a market oriented economy and a role for the state similar to that of economically developed countries. Poland cannot afford ideological experiments any longer.⁹⁷

By declaring that Poland will now pursue a market economy, Mazowiecki had declared the two principles that Poland's new political and economic systems would be built on: a market economy backed up by a democratic government. He also dismisses socialism as nothing more than an “ideological experiment”. This assertion does two things- it passively discredits socialism as nothing more than an experiment, not a real ideology, that by 1989 had clearly failed for most Poles; and without even mentioning neoliberal capitalism, anoints it as a natural economic and political system.

Even before it happens, Mazowiecki is aware of the potential damages that these reforms might cause, which are already being planned to take the form of shock therapy led by the committed neoliberal capitalist Balcerowicz, and is quick to head off any criticism. “The transition is difficult, but it does not have to cause shaking.”⁹⁸ In order to counteract the damage from the reforms that Mazowiecki and his government knows is coming, he calls on all elements

⁹⁶ Mazowiecki, “A Solidarity Government Takes Power.” 240.

⁹⁷ Ibid. 240.

⁹⁸ Mazowiecki, “A Solidarity Government Takes Power.” 240.

of Polish society to mobilize to protect and move his reforms forward. “All social and political forces represented in the parliament and those existing outside must define their position in the face of the new situation... The government will not cure everything. We must do it together. Poland will be different if everybody wants it.”⁹⁹ Here, Mazowiecki draws on his political experience- as an experienced leader of a social-political force outside of parliament that caused massive change, he knows what the power of the people can do, and deems it important to call them as allies in his first speech as Prime Minister. Second, Mazowiecki is aware of the damages that his policies to curb inflation and privatize the Polish economy will do. In the September speech, he says “that there is no example in the economic history of the world of curbing such high inflation without serious social distress, including bankruptcy of some enterprises and the resulting unemployment.”¹⁰⁰ When Mazowiecki talks about how “it poses a challenge for everyone and especially the young generation,”¹⁰¹ he is being honest: he and the other neoliberal reformers know that there will be pain that comes with rapid economic changes, and that reform will be a massive challenge for all Polish people.

But, by meeting it head on, he is able to not only address the concerns that will inevitably rise from unemployment, and damage to state infrastructure that shock therapy and austerity will bring, he is also able to channel it into a narrative of national pride. By undertaking these reforms, Mazowiecki argues, will Poland return to its once occupied, rightful status among the great nations of Europe, and the people of Poland will have their material and political needs

⁹⁹ Mazowiecki, “A Solidarity Government Takes Power.” 242.

¹⁰⁰ Mazowiecki, “Into the Breach.” 46.

¹⁰¹ Mazowiecki, “A Solidarity Government Takes Power.” 242.

met. This is the goal of the August speech. Mazowiecki broadly outlined his policy goals, which at its core, are neoliberal market reforms along with a shiny new Western style democratic political system, and combines these policy proposals with sweeping statements promising a new age for the Polish people.

The Transition to a Market Economy

Mazowiecki's September speech, being much more technical and specific to the policies that he intends to implement, also spends a good amount of time talking about this market transition, given that it is at the core of his policies. The last part of the speech, before and after Mazowiecki was forced to take a fifteen minute break to regain his strength, is dedicated to outlining these reforms that, according to Mazowiecki, will help deal with "the economic drama the new Government finds itself dealing with."¹⁰² The problems are the same as the August speech- stagnation in production and rapidly rising inflation.¹⁰³

First, Mazowiecki outlines austerity measures that the state will have to engage in. These measures are primarily directed at curbing central government spending and investments.¹⁰⁴ Then, he gets into the real revolutionary neoliberal reforms. First, he explains that Poland will adopt an economic system already tested by more developed economies that do not have to deal with the issues that Poland faces. "The High Chamber! Along with emergency measures aimed at curbing inflation, the Government will undertake steps that will initiate a transition to a modern market economy [one that has been] well-tried by the developed countries."¹⁰⁵

¹⁰² Mazowiecki, "Into the Breach." 46.

¹⁰³ Ibid. 46.

¹⁰⁴ Ibid. 46.

¹⁰⁵ Mazowiecki, "Into the Breach." 46.

Furthermore, in order to implement this market economy, already tested and proven in the marketplace of ideas, Poland would need to open up its state run businesses for private investment. Mazowiecki says that he will create a new government office whose job will be to start selling shares of state enterprises as part of “a program and principles for a transformation of the ownership structure of our economy. The basic principle will be open and public sale [of economic assets] available to all citizens, as well as to institutions interested in economic effectiveness.”¹⁰⁶ These ideas and policies make up the core of Poland’s neoliberal reforms. Under Mazowiecki and the Solidarity led coalition government’s guidance, Poland would move from what they saw as a backward command economy, responsible for the shortages and stagnation- into a modern market economy. This transformation was to be kickstarted by immediately inviting private ownership and investment of formerly public industries.

But what is the cause for the stagnation and inflation that the market economy created? Mazowiecki blames it on the enemy of competition and market economies all across the world: monopolization. “Our economy is radically monopolized, and under these conditions no market is able to demonstrate its inherent effectiveness. Therefore, we will undertake decisive actions to remove unnecessary and harmful organizational structures.”¹⁰⁷ If there were any doubts as to where Mazowiecki stood in the socialist vs. neoliberal debate, then this part of his September speech should uncloud any of those doubts. This argument that monopolization is the root of the mire that Poland finds itself in is a typical neoliberal narrative. That Mazowiecki was able to blame monopolization for the ills of his country and promote Western style market capitalism as

¹⁰⁶ Ibid. 46.

¹⁰⁷ Mazowiecki, “Into the Breach.” 48.

the antidote in the Polish parliament should show how far the power of socialism and Poland's former Soviet allies had fallen in the country.. Mazowiecki makes these claims, because his government was trying to ensure that the old socialist ways were on the way out, and bring neoliberal market capitalism in.

Balcerowicz and His Plan

Before going any further in the analysis of Mazowiecki, it is important to look at how exactly market reform was achieved. Almost instantaneously, Poland's economy went from a Soviet style planned economy to a neoliberal free-market economy, through a package of laws now called the Balcerowicz Plan. These laws were railroaded through the Polish parliament, the Sejm. Reflecting on the event two decades later in his book, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*, Tadeusz Kowalik, a Polish economist, called the passage of the Balcerowicz Plan a "Parliamentary dash."¹⁰⁸ This dash meant that in an extraordinarily short period of time, with little debate, the Sejm rapidly passed a package of bills that completely reshaped the Polish economy.

To say that the Balcerowicz Plan had an immediate impact on the Polish economy is not an exaggeration. By the end of 1990, Consumer price inflation was at 352.2%, the unemployment rate had risen by 4.1%, Real wages had fallen by 22.3%, and industrial output had fallen by 24.2%, a 19.2% difference from what the Government had projected.¹⁰⁹ That drop in industrial output was immediate. The Polish economist and Minister for Privatization, Waldemar Kuczyński, recorded that in February 1990, he was shocked when the statistical office

¹⁰⁸ Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 131.

¹⁰⁹ Slay, *The Polish Economy: Crisis, Reform, and Transformation*. 94.

told him that “industrial output in January had fallen by more than 30 percent, this came as an unbelievable shock.”¹¹⁰ These were the result of systemic changes that, by the end of 1990, Poland was said to be one of the most laissez-faire markets in the world, just after Hong Kong.¹¹¹ Most significantly, was the immediate privatization of small businesses, which meant a rise of privatized firms from 800,000 to one and a half million rapidly.¹¹²

Troublingly, the public had very little knowledge of the exact nature of the Balcerowicz Plan before it was published. A brochure, published alongside the newspaper *Rzeczpostpolita*, informed the public that “The Polish economy requires essential systemic changes. Their goal is to build a market system similar to the one existing in the highly developed countries... Only a bold turn suited to the historical challenge Poland is facing will enable it to come out of the civilizational collapse.”¹¹³ According to Kowalik, “It turned out that this short text (referring to the brochure) was the only comprehensive public presentation of the program that later would be called the Balcerowicz Plan.”¹¹⁴

Even as he was serving as the Minister of Finance, Balcerowicz remained an active academic. He authored two articles in 1989, and then three more in 1990. These five articles were all about some economic issue related to the Polish transition, and they share a common theme- disdain for the Soviet socialist economic order, and that the old order was impossible to reform. For example, in “On The Sources of Resistance to Change in the Command Management

¹¹⁰ Kuczyński, Waldemar. *Zwierzchnia Zausznika*. Warsaw, 1992. 107. Translated by Eliza Lewandowska in *From Solidarity to Sellout*.

¹¹¹ Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 138.

¹¹² Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 138.

¹¹³ Ibid. 120.

¹¹⁴ Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 121.

System,” Balcerowicz blames the failures of the command economy on its inability to reform, which he says is baked into the very structure of the economy.¹¹⁵ This is essentially the same argument that he makes in “On The Reformability of Soviet-type Economic Systems,” where he argues that any reforms attempted in command economies had failed to “a radical increase in overall economic efficiency.”¹¹⁶ He says that this failure to increase efficiency has nothing to do with the will of the actors in a command economy, and once again, is a problem with the structural foundation of the command economy.¹¹⁷ Balcerowicz was not done with his academic writings critiquing command economies. In *Communist Economies*, Balcerowicz authored “The Soviet Type Economic System, Reformed Systems and Innovativeness,” where he argued that not only are Soviet type command economies impossible to reform, they also stifle innovation-¹¹⁸ a key neoliberal detraction against command economies.

In *Shock Doctrine*, Naomi Klein argues that “everyone seemed to see what they wanted in Solidarity... Margaret Thatcher and Ronald Reagan saw an opening, a crack in the Soviet armor, even though Solidarity was fighting for the very rights that both leaders were doing their best to stamp out at home.”¹¹⁹ The neoliberal establishment saw an opening in the form of Solidarity, and took advantage of the precarious position the Polish economy was in when Solidarity took power. International reformers like Jeffrey Sachs were unable to push the reforms

¹¹⁵ Balcerowicz, Leszek. “O Źródłach Trwałości Systemu Nakazowo-Rozdzielczego: On The Sources of Resistance to Change in the Command Management System.” *Zagadnień Systemów i Polityki Gospodarczej*, no. 17 (1990): 11–24.

¹¹⁶ Balcerowicz, Leszek. “On the Reformability of the Soviet-Type Economic Systems.” In *The Evolution of Economic Systems*, by Kurt Dopfer and Karl Raible F. London, England: Palgrave Macmillan, 1990.

¹¹⁷ Ibid.

¹¹⁸ Balcerowicz, Leszek. “The Soviet Type Economic System, Reformed Systems and Innovativeness.” *Communist Economies 2*, no. 1 (1990): 3–23. <https://doi.org/10.1080/14631379008427627>. Page 3.

¹¹⁹ Klein, *The Shock Doctrine: Rise of Disaster Capitalism*. 174.

through alone- they needed an ally that shared the same views as the international neoliberal establishment.

This is where Leszek Balcerowicz came in. Balcerowicz was a clear-cut neoliberal. Not only did he argue against any type of “socialist market economy” and consider all command economies unreformable, but he was also an admitted student of Milton Friedman, the ultimate free-market neoliberal. In 2006, he wrote an article called “Liberty’s Revolutionary Muse,” in reference to Milton Friedman, who had just passed away. In the article, he calls Friedman a “giant among modern social thinkers,”¹²⁰ and commends him for his work inventing free-market economics, which lifted the world out of the Keynesian malaise of the 1970s.¹²¹ At the end, he credits Friedman with helping to bring freedom to Poland. “I live in a Poland that is now free, and I consider Milton Friedman to be one of the main intellectual architects of our liberty.”¹²²

This article was written more than a decade after the Balcerowicz Plan. It is possible that in the years following the Polish transition, Balcerowicz grew to become an admirer of Friedman. However, back in 1990, it was clear that Balcerowicz was a committed neoliberal. Tomasz Kozłowski claimed that in a closed meeting with the IMF in 1990, Balcerowicz chose the most radical of the possible reform packages the IMF had presented the Polish with, surprising even the IMF experts.¹²³ Even back then, Balcerowicz was committed to the ideals of Friedman, who argued that radical shocks were the only way to change an economy. In the same article where he called Friedman an intellectual architect of Polish liberty, Balcerowicz says that

¹²⁰ Balcerowicz, Leszek. “Liberty’s Revolutionary Muse.” *Project Syndicate*, November 19, 2006. <https://www.project-syndicate.org/commentary/liberty-s-revolutionary-muse>.

¹²¹ Ibid.

¹²² Balcerowicz, “Liberty’s Revolutionary Muse.”

¹²³ Kozłowski, “The Balcerowicz Plan.”

Friedman's book *Free to Choose* (co-authored with his wife, Rose), helped "to inspire me, and many others, to dream of a future of freedom during the darkest years of communist rule."¹²⁴

Free to Choose was published illegally in Poland in 1980; Friedman was likely on his mind when he was given access to Poland's economy.

Balcerowicz being given free reign over the Polish economy is not an exaggeration. He was widely known as one of Mazowiecki's most independent ministers,¹²⁵ and once he received the IMF's support, Poland's reliance on the organization to help clear their debt meant that he occupied a position of tremendous power. All of these factors- Poland's lack of options due to their foreign debt, Balcerowicz's admiration for Friedman style free-market neoliberalism, and the amount of independence he had in the Mazowiecki administration were all at play when the Balcerowicz Plan, Poland's shock therapy program was written.

The actual Balcerowicz Plan was made up of ten laws passed in the Polish parliament, the Sejm, on January 1st, 1990. The main objective of these laws is summed up by Tadeusz Kowalik:

- Ownership of industry transformed to be more similar to the structures "existing in the highly developed countries"
- Liberalizing state enterprises to make them more independent- they would eventually be completely privatized
- Elimination of price controls

¹²⁴ Balcerowicz, "Liberty's Revolutionary Muse."

¹²⁵ Kozłowski, "The Balcerowicz Plan."

- Anti-monopoly policy, ability to create new businesses in order to create free-market style competition
- Opening up the Polish economy to international businesses
- Making the Polish zloty convertible
- Creating a stock market
- Creating a labor market¹²⁶

With the passing of ten laws, the Polish economy had shifted from a planned economy to a market economy. In the conclusion of “The Soviet Type Economic System, Reformed Systems and Innovativeness,” Balcerowicz culminates his argument by saying “even more radical economic reforms attempted so far have not been radical enough to solve the problem of low innovativeness. It seems that it cannot be solved without fundamental changes in the property rights and ownership structure, and in the foreign trade regime.”¹²⁷ These issues: the right to private property, private ownership of industry and opening up Poland for foreign trade with the entire globe are all essential to the neoliberal conception of a successful market, and formed the core of the Balcerowicz Plan. Essentially, Balcerowicz—backed up by the IMF, countries with powerful economies like the US and UK, and foreign reformers like Jeffrey Sachs—got to remake the Polish economy in his image.

¹²⁶ Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 121.

¹²⁷ Balcerowicz, Leszek. “The Soviet Type Economic System, Reformed Systems and Innovativeness.” *Communist Economies* 2, no. 1 (1990): 3–23. <https://doi.org/10.1080/14631379008427627>. Page 18.

Opening the Door to Outsiders, Playing the Nationalism Card

In *The Roots of Solidarity*, Roman Laba argues that Solidarity possessed a “current of national insurrection couched in categories of national captivity, suffering, and ultimate liberation. It emphasizes the solidarity of all Poles against their foreign oppressors. It continues the national myth... It is religious in form, nationalist in content.”¹²⁸ The concept of Polish nationhood was at the core of Solidarity, it was a movement for an independent Polish trade union that represented the Polish people’s interests, not the interests of the political elite or Moscow. Yet, Poland needed outside help to achieve the reforms. Mazowiecki admits as much in his September speech, saying “We count also that, in the face of the complexity of our situation, friendly governments will facilitate—through financial aid—the difficult and socially painful process of reforms.”¹²⁹ As such, he is forced to walk a tight line- he must lead Poland down their new independent path, as fought for by Solidarity, yet at the same time appeal to the neoliberal international community that at the time, was quite anti-nationalistic.

It was clear, even in 1989, that Poland could not accomplish these reforms on its own. In the August speech, Mazowiecki alludes to the fact that Poland may need outside assistance in implementing these reforms. While proclaiming that the Polish people should solve their own problems,¹³⁰ the very next line says that “this does not mean that we are doomed to be alone in this difficult undertaking.”¹³¹ Poland has many countries to draw lessons and expertise from in this transition. Some older examples, like West Germany and Chile, and other more

¹²⁸ Laba, *The Roots of Solidarity*. 128.

¹²⁹ Mazowiecki, “Into the Breach.” 44.

¹³⁰ Mazowiecki, “A Solidarity Government Takes Power.” 241.

¹³¹ *Ibid.* 241.

contemporary, like Bolivia, which were very much at the back of the mind of Polish and international economic elites and organizations like Jeffrey Sachs and the IMF, that played a key role in Poland's economic transition.¹³²

In many states, the transition to a market economy was disastrous. However, that is not the message Mazowiecki wishes to convey to his people, after all, why would they accept reforms if it meant more economic pain? Now that Poland was about to join the international neoliberal order, Mazowiecki can point to their newfound close allies as a potential support system to help the Polish people through the reforms. Mazowiecki expects this community to help him and Poland out because, after all, they were adopting their preferred economic system, it makes sense to ask for help subsidizing this transition which would be a massive win for the neoliberal order against the Soviet order. "The world is watching the transformations in Poland with sympathy and hope. The government will aim energetically at obtaining as much economic support for Poland from the international community as possible, in all possible forms."¹³³ In August he made it somewhat clear that Poland's reform process would be drawing on support from the international community, the September speech would make it crystal clear what Mazowiecki expected this support to look like, and what it would entail.

In a small aside, Mazowiecki would promise that "work is already underway on a packet of more decisive actions aimed at curbing inflation."¹³⁴ This packet would turn into the Balcerowicz Plan- the aforementioned shock therapy reforms that ended up creating the material conditions that Mazowiecki warned would come from these reforms. However, the Balcerowicz

¹³² See chapter 2.

¹³³ Mazowiecki, "A Solidarity Government Takes Power." 241.

¹³⁴ Mazowiecki, "Into the Breach."50.

Plan was not the sole reason for Poland's post-transition market collapse. In this September speech, just as he promises the Polish people independence and sovereignty, along with identifying foreign debt as an issue akin to a noose strangling Poland,¹³⁵ Mazowiecki acknowledges the terrible debt the Polish state had, and the restrictions for reform and need for outside assistance that resolving the debt would entail.

The High Chamber! I wish to express the hope that international financial institutions will aid Poland significantly in her efforts on behalf of radical stabilization of the economy and fundamental institutional reforms. We count also that, in the face of the complexity of our situation, friendly governments will facilitate—through financial aid—the difficult and socially painful process of reforms. We also expect understanding and facilitation of credit on the part of private foreign banks.¹³⁶

Perhaps Mazowiecki assumed that financial aid would be unconditional- but that is a pretty naïve position to take, especially for a savvy politician. He says that Poland is not “asking for charitable assistance, but instead are looking for investment, primarily along the lines of investments and capital.”¹³⁷ Why go to the neoliberal economies and international organizations, especially if Mazowiecki wants to get rid of the noose of foreign debt? First, Mazowiecki makes the argument that as of recently, the west has shown solidarity to Poland as a result of its economic situation.¹³⁸ He proclaimed the West, and the United States in particular, as economic powers,¹³⁹ and as developed economies that Poland should emulate.¹⁴⁰ However, the quote about looking for help from international financial institutions, foreign governments and private

¹³⁵ Ibid. 44.

¹³⁶ Ibid. 54.

¹³⁷ Mazowiecki, “Into the Breach.” 60.

¹³⁸ Ibid. 60.

¹³⁹ Ibid. 60.

¹⁴⁰ Ibid. 46.

foreign banks is telling. Given that the country he leads is joining the neoliberal world, Mazowiecki counted on financial institutions like the IMF and the World Bank, along with other neoliberal states and their private banks to help facilitate reform. This is one of the more important sections of the three speeches- and is a key moment in identifying the start of Poland's painful path down shock therapy, at the behest of foreign powers and their economists, instead of letting the Polish people solve Polish problems.

Yet, in order to garner support back home for these reforms backed by foreigners, Mazowiecki plays the part of the Polish nationalist. Throughout his August speech, Mazowiecki is obviously keen to draw upon several sources of legitimacy for his new government, and the reforms that they will bring about. While Solidarity may certainly have had the support of the people, Mazowiecki is keen to appeal to other avenues of legitimacy. By downplaying socialism, he indirectly lends credence to its counterpart, capitalism, presenting it as the correct choice to replace the failed experiment of Marxist economics. Legitimacy for anti-socialist policies also comes from the promise that these policies will play a major role in fixing Poland's economic problems, "Disequilibrium and inflation, increasing social tensions, can undermine the Polish march to freedom. With high inflation there can be no discussion about creating normal working conditions for the nation, on which its material existence mainly will depend."¹⁴¹

In his September speech, he more directly extolls the benefits of a market system, and the outcomes it will have. According to Mazowiecki, a market economy was "the greatest chance for achieving a dignified and improving standard of living."¹⁴² By making this claim, he is able to

¹⁴¹ Mazowiecki, "A Solidarity Government Takes Power." 241.

¹⁴² Mazowiecki, "Into the Breach." 50.

promise the Polish people two things that are the center of his mandate. First, he promises that these neoliberal reforms will arrest the decline in quality of life that Poland was going through. Second, he promises his people that by adopting this economic system, they will rise to a level of significance matching other powerful market economies of the world. Additionally, this is yet another signal from Mazowiecki to the neoliberal order that he has bought into the project, and is ready to accept their reforms and financing. However, it is this appeal to nationalism that is of the most significance to the Polish people, and Mazowiecki spends a lot of time drawing legitimacy from Polish nationalism.

His appeals to nationalism are not all rooted in the past, however. In general, Mazowiecki argues for less governmental involvement in all aspects of Polish society. He intends to stop government censorship of the press, he wants the government to let artists freely express themselves¹⁴³ and unburden Polish scholars. “Polish scholarship represents a great intellectual potential along with neglected and outdated infrastructure. We cannot allow its continuing degradation.”¹⁴⁴

Part of this message is to rally young people. Mazowiecki knows that they were key to Solidarity and the reformers gaining power, and in the reforms to come, they would feel the damages heavily. As such, he uses this call to nationalism as a way to rally them, and task them with helping build the political culture based on neoliberal values that Poland would need in order to make the proposed reforms successful. “I will not offer empty promises to the younger generation. Be assured, however, that the Government will consistently remove the ideological

¹⁴³ Mazowiecki, “Into the Breach.” 38.

¹⁴⁴ Ibid. 38.

and political barriers that have heretofore impeded participation in public life [in a manner] congruent with one's convictions and values."¹⁴⁵ This is a good representation of Mazowiecki calling on separate sections of Polish society- especially those that were major parts of Solidarity, to justify reforms. According to him, under these new political and economic reforms, Polish society would be unburdened by government regulation, and could have the freedom to grow its cultural wealth, and share it with the world. Of course, this was impossible under socialism, which burdened the Polish nation with regulations and censorship. But, if the Polish people work for the reforms, then they will have the chance to return their culture to the glory of the pre-Marxist days and showcase it to the world.

Strengthening His Base

Given that Solidarity was a movement to increase the voice of the Polish people in the running of Poland, Mazowiecki drawing upon romantic ideals of what the Polish people could achieve together makes sense. His message is less socialist patriotism, and more towards the neoliberal idea of what nations are. However, Mazowiecki bucks the trend of what a neoliberal nationalist is. Other neoliberals of the age were speaking of creating a just world for all, and lowering borders and barriers for trade. After all, with the Soviet threat defeated, and China moving away from socialism, neoliberalism was free to come out from the trenches and build a supposedly open and free-market for all.

Along these lines, Mazowiecki dedicates a sizable chunk of his September speech towards young people, their concerns about the economy, their role in forging a new Polish

¹⁴⁵ Ibid. 42.

political identity, and even a new modern identity for the Polish nation. Solidarity traces its beginnings back to the strikes at the Gdańsk shipyards- strikes started by young workers. Mazowiecki calls back to these strikers to begin his message to young people, reminding his audience of their determination- yet calling for patience.¹⁴⁶ Mazowiecki then makes a strong plea to young people, addressing both their political and material concerns.

Therefore, I believe today in the patience, energy, and persistence of young Poles. I address them specifically, so that they do not lose faith. [I address] Those who are beginning to work and start families. [I address] Those radicalized young people, who feel rejected, and with their attitude express their opposition toward what is happening around them. [I address] Those, who after years of education have difficulty finding sense in work, who wait many years for an apartment, and to whom emigration appears as the only chance in life.¹⁴⁷

Once again, Mazowiecki is clearly aware of the political realities that brought him and the coalition to power. As such, in the middle of a speech detailing revolutionary changes, he is careful to address the people that form the core of his coalition. However, he categorizes their concerns into two distinctly separate issues. On one hand, he speaks to those that have been radicalized by years of poor material concerns, and feel left behind by the Polish government, and assures them that the new democratic reforms that Solidarity will bring about will address their concerns. Following that, he speaks to material concerns, lack of employment, housing, and a need to emigrate for opportunity. There is no reason that these two things should be separate issues, after all, material and political concerns are always interwoven. Perhaps they are not, and it is simply grammar that has separated these issues into two separate categories. However,

¹⁴⁶ Mazowiecki, "Into the Breach." 40.

¹⁴⁷ Mazowiecki, "Into the Breach." 40.

neoliberalism tends to separate the material world from the political. Mazowiecki's and Solidarity's neoliberal revolution was a revolution of the Polish people. However, through privatization and shock therapy, this revolution of the people for democracy and reform turned into a victory for the powerful Western neoliberal economy, and another periphery market to exploit.

Neoliberal Nationalism

Interestingly, Mazowiecki uses the word "return" to describe the state of the economy that he intends to direct Poland to. This is a common theme in his speeches. In a speech to the leaders of Europe at the Paris Conference in 1990, Mazowiecki referenced Poland's return to European civilization¹⁴⁸. By referencing a past where Poland was a market economy, Mazowiecki draws upon nationalist ideas of a long tradition of Polish non-communist nationhood.

Mazowiecki's nationalist call outs might be smart for his people, but for neoliberals of the nineties, it was a departure from what they had envisioned. European neoliberals were less interested in using nationalism as a vehicle for rallying popular support, and instead envisioned the new neoliberal world as a post-national one. European projects like the European Community, the Schengen Area, and the European Union are all examples of this phenomenon. While the countries that led the creation of the Schengen Area, like France, were not keen to immediately tear down their borders and declare an end to the state and idea of France. For example, France's representative to the Schengen conference, Hubert Blanc, said "We're not

¹⁴⁸ Mazowiecki, "Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland." 1.

interested in creating a sort of Schengen citizenship’... ‘There’ll be no Schengen visa’”¹⁴⁹.

However, Blanc did say that this new borderless zone would serve “as a laboratory for the rest of the community,”¹⁵⁰ referring to the first Schengen Area signatories as a test case, to show to the rest of Europe the benefits of open borders to trade. Those at the top of the neoliberal order were less concerned with nationalist aspirations within their own countries, and many abhorred them, seeing neoliberalism as the natural antidote and opposite to right wing nationalism.

If neoliberalism was not quite a globalizing movement by the time Mazowiecki gave his speech in mid-1989, it was certainly anti-nationalist. And yet, Mazowiecki’s speech heralding the arrival of neoliberalism to Poland did not subscribe to these anti-nationalist themes. If Mazowiecki was a Blair-type neoliberal—which to be clear, he was not—one would expect him to say that Poland, free from the Soviet Union, would look to join the European community in order to bring prosperity to its people. Instead, Mazowiecki says that

I am convinced that Poland can fulfill an important role in the political, economic, and cultural life of Europe... A gap is growing in the level of civilization between Poland and societies of highly developed countries... Poland’s friends should understand that one cannot wait until we are sinking. Economic construction will serve not only our country, but also the whole European community.¹⁵¹

In his September speech, Mazowiecki refers to Poland as the “fatherland” three times.¹⁵² Each time it is mentioned, Mazowiecki invokes the idea of a fatherland as an idea for all Poles. This is

¹⁴⁹ Riding, Alan. “Evolution in Europe; 5 Western European Countries To Establish a Common Border.” *The New York Times*, June 20, 1990, sec. World. <https://www.nytimes.com/1990/06/20/world/evolution-in-europe-5-western-european-countries-to-establish-a-common-border.html>.

¹⁵⁰ Ibid.

¹⁵¹ Mazowiecki, “A Solidarity Government Takes Power.” 241.

¹⁵² Mazowiecki, “Into the Breach.” 30, 38, 40.

not invoked in an exclusionary manner, rather, Mazowiecki is creating a broad tent for all Poles to fit into, and live in the fatherland.

Mazowiecki is certainly not a militant nationalist. In fact, the third time he invokes the idea of the Polish fatherland, it is in an accepting, inclusive manner. “Poland is the country-the fatherland-of not only Poles. We live on this land with representatives of other nations. We want them to feel at home here, to cultivate their language and to enrich our community with their culture.”¹⁵³ In doing this, Mazowiecki does two things.

First, he once again draws upon positive Polish nationalism as a source of legitimacy for his government, and more specifically for the context of the September speech- legitimacy for his reforms. The September speech is Mazowiecki specifically outlining what policies his government will enact- his August speech and his speech to the CSCE were much less policy oriented and had different goals. In this speech, Mazowiecki is stating what exact policies he will be enacting, what they will do, and how it will take all Poles to work for these reforms which will be for the better of their fatherland. Second, Mazowiecki is able to thread the needle of calling on Polish nationalism for legitimacy by saying he is conducting these reforms for the good of the fatherland; while at the same time remaining an acceptable neoliberal reformer, capable of leading a country about to receive a boatload of IMF loans.

These callouts to the fatherland allow Mazowiecki to wear two hats. At home, he is the Polish national hero, who is able to connect with and assuage Polish fears about falling behind other European nations, and working for the better of the fatherland, not a socialist government

¹⁵³ Ibid. 40.

that the Polish people do not care about. For the international neoliberal community, he is a anti-socialist revolutionary, who is combining inclusive Polish nationalism and internationally recommended neoliberal reforms to rescue a former Soviet colony from the backward grip of socialism and bring it into the modern capitalist world.

Mazowiecki wears these two hats in order to satisfy his two sources of political power—the people in Poland who voted his party into power, and the international institutions and states helping Poland with its debt relief and economic transition. At home, he has to remain popular with the people, who put him into power in a system where he could easily be voted out of office. On top of this, the reforms his government was about to undertake will certainly cause damage to the economy at the same time they are attempting to fix it. At the same time, Mazowiecki very clearly hopes to lead Poland out from the Soviet led order, and into the Western European and US led order. This was obviously his goal ever since the August speech, where he said that he was “convinced that Poland can fulfill an important role in the political, economic, and cultural life of Europe.”¹⁵⁴ In order to do that, Mazowiecki argued that Poland needed to undertake economic reforms, as their economic situation as of 1989 was not conducive to allowing the state to play the role it could in the field of international politics.¹⁵⁵ However, most telling in the August speech about the direction Mazowiecki wished to take Poland, and where he believed the country should exist in the bipolar world of international politics comes from his remarks about Poland’s new relations with the Soviet Union.

¹⁵⁴ Mazowiecki, “A Solidarity Government Takes Power.” 242.

¹⁵⁵ Mazowiecki, “A Solidarity Government Takes Power.” 241.

Shortly after declaring that he hopes to reconstruct the Polish economy to not only help Poland, but all of the European community, Mazowiecki directly addresses Poland's new relationship with the Soviet Union.¹⁵⁶

We desire to maintain good-neighborly, friendly relations with the Soviet Union. For the first time, a chance is appearing for the relationship between our two nations to be based on friendship and cooperation between the societies and not just among a single party... We understand the significance of obligations resulting from the Warsaw Pact... the government I will form will respect this treaty.¹⁵⁷

A leader of a Warsaw Pact country saying this after proclaiming that they wished to expand ties with Western states is astounding. It is a firm declaration that Mazowiecki is truly carrying Poland out of the Soviet-led political order and into the West. At the same time, he is not fully conciliatory to the Soviet Union, saying that only now that Poland is not explicitly a socialist state under direct influence from the Soviet Union could the two countries possibly be allies. Not only is he rejecting the political system of the past four decades as illegitimate, he also accuses the Soviets of treating Poland as a colony.

He is certainly not militant in his rejection of the Soviet order, and confirms that Poland would respect its agreements by the Warsaw Pact. In September, he would double down on this position of remaining a Warsaw Pact member, yet pursuing their own path in international politics, assuring the Soviets that they would not create a new army or police,¹⁵⁸ and continuing his narrative that this moment is when Poland and the Soviet Union can create a relationship truly built on friendship, and not domination of one by the other. "My Government wishes to

¹⁵⁶ Ibid. 242.

¹⁵⁷ Ibid. 242.

¹⁵⁸ Mazowiecki, "Into the Breach." 24.

shape its alliance with the Soviet Union in the spirit of equality and respect for sovereignty... This will also open the way for reconciliation between our peoples, which will end the bad experiences of the past and may have a far-reaching historic significance.”¹⁵⁹ Once again, Mazowiecki doubles down on the idea that before this moment, Poland was not a sovereign state, and that this moment marks the beginning of Polish independence, not the end of World War Two. While Mazowiecki assured the Soviets he does not intend to “reject (our) former ties and obligations,”¹⁶⁰ and in the spirit of late cold war detente, Mazowiecki offers an olive branch to the Soviets. “We desire to maintain good-neighborly, friendly relations with the Soviet Union.”¹⁶¹ he does intend do “open to the entirety of Europe.”¹⁶² Ultimately, this foreign policy’s goal is to ensure Poland’s independence, assert its independence and secure the reforms Mazowiecki intends to implement.

While he proclaims in August that he is convinced that Poland could participate in all of Europe, Mazowiecki gets much more specific in September about what specific political group of European states he wants to join. “We want to utilize all avenues of political and economic cooperation, [by] taking part in existing European institutions. We are also interested in cooperation in the areas of cultural exchange and exchange of information, communication, and communication technologies.”¹⁶³ While Mazowiecki states he intends to honor Poland's commitments to COMECON and the Warsaw Pact, he firmly declares, alongside his declaration that Poland will accept conditional financial aid from the west, that Poland will collaborate with

¹⁵⁹ Ibid. 56.

¹⁶⁰ Ibid. 58.

¹⁶¹ Mazowiecki, “A Solidarity Government Takes Power.” 242.

¹⁶² Mazowiecki, “Into the Breach.” 58.

¹⁶³ Mazowiecki, “Into the Breach.” 54.

the neoliberal states and community in Europe. “We must catch up, especially in terms of cooperation with the countries of the European Economic Community and with the United States, as well as with other economic powers.”¹⁶⁴ This catch up that he talks about is familiar. According to this narrative, Poland has fallen behind the other so-called economic powers, and in order to anoint Poland as a great state, they must join the modern world. Mazowiecki warns about this at the end of his August speech, where he says that there is a “gap growing in the level of civilization between Poland and societies of highly developed nations.”¹⁶⁵ Just a year later, Mazowiecki would get the chance to address the neoliberal European order, and several of these highly developed nations at a public forum, and reinforce the idea that Poland was ready to join the modern world.

Mazowiecki’s Poland Arrives on the International Stage

In 1990, the Conference for Security and Cooperation in Europe convened a conference in Paris. The *New York Times* ran a headline on the front page proclaiming that “34 Leaders Adopt a Pact Proclaiming a United Europe.”¹⁶⁶ One of these leaders was the new prime minister of Poland, Tadeusz Mazowiecki. The path to his speech in Paris, proclaiming a new Poland, that was part of the grander European community, and one that “value(d) the development and strengthening of the commitments with regard to broadly-conceived human rights, economic cooperation and environmental protection in the broad sense of the term”¹⁶⁷ was a long one.

¹⁶⁴ Ibid. 60.

¹⁶⁵ Mazowiecki, “A Solidarity Government Takes Power.” 242.

¹⁶⁶ Jr, R. W. Apple. “Summit in Europe; 34 Leaders Adopt Pact Proclaiming a United Europe.” *The New York Times*, November 22, 1990, sec. World. <https://www.nytimes.com/1990/11/22/world/summit-in-europe-34-leaders-adopt-pact-proclaiming-a-united-europe.html>.

¹⁶⁷ Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 3.

Mazowiecki was a member of Solidarity, and a committed Christian democrat. Speaking at this conference must have been a watershed moment for Mazowiecki: he was the first non-socialist leader of Poland since 1945, and now stood before the states of Western Europe, declaring that he would help bring Poland into the fold of Western, liberal democracies. “I am thinking above all of the European Community and its contribution to the process of European integration. Poland sees closer proximity to the Communities as an important policy objective.”¹⁶⁸ Not only was this a prudent choice within the scope of the newly independent Poland’s international political strategy, but was also a statement of intent what Mazowiecki wanted for his newly independent Poland.

Poland’s Place in the Age of Post-History

At first, Mazowiecki employs a narrative that was quite popular during the 90s, one very similar to the idea that the so-called end of history had arrived. “The transformations in Central and Eastern Europe, the rejection of totalitarianism, the unification of Germany, the changes in the Soviet Union, the end to the East-West ideological and military confrontation- these are the characteristics of the new realities of our continent.”¹⁶⁹ US President George Bush remarked that the conference meant that ““The Cold War is over””¹⁷⁰, and that ““In signing the Charter of Paris we have closed a chapter of history.””¹⁷¹ This sort of relieved triumphalism around the end of the Cold War was common and, suggested that while those opposed to the Soviet Union were glad

¹⁶⁸ Ibid. 3.

¹⁶⁹ Jr, “Summit in Europe; 34 Leaders Adopt Pact Proclaiming a United Europe.”

¹⁷⁰ Ibid.

¹⁷¹ Jr, “Summit in Europe; 34 Leaders Adopt Pact Proclaiming a United Europe.”

that the specter of nuclear war was mostly gone, they were also equally as glad that what was thought of as the natural course of events had occurred- the forces of democracy had prevailed.

Western liberalism's victory in the Cold War meant that it was liberalism's time to shine, adapted for the late 20th century. This new version of liberalism goes as far back as the 1970s, and with the collapse of the Soviet Union, and the subsequent unipolar moment in international politics afterwards, had its chance to run the world unopposed. Events like the Paris Conference were key moments in the newly ascendant neoliberal regime. Countries at the conference signed a charter that had language similar to what President Bush said about the world entering a new era.

We, the Heads of State or Government of the States participating in the Conference on Security and Co-operation in Europe, have assembled in Paris at a time of profound change and historic expectations. The era of confrontation and division of Europe has ended. We declare that henceforth our relations will be founded on respect and co-operation. Europe is liberating itself from the legacy of the past.¹⁷²

The Paris Conference was a chance for European states, now free of the divisions of the Cold War, to assemble and declare a new international order for the continent. Agreements like these embodied what the neoliberal world order was supposed to look like, and now that European states were capitalist democracies, they could come together and proclaim a united Europe, brought together by shared values of human rights, democracy, social justice, and so-called economic liberty.¹⁷³ With neoliberal good feelings in the air, Mazowiecki made his speech.

¹⁷² "Charter of Paris for a New Europe." Organization for Security and Cooperation in Europe, November 21, 1990. <https://www.osce.org/files/f/documents/0/6/39516.pdf>. 3.

¹⁷³ Ibid.

However, this speech was not exactly conciliatory between Eastern and Western Europe. In fact, besides the line about the end to East-West confrontation, Mazowiecki actually draws several Huntingtonian lines in a supposed clash of civilizations. Mazowiecki intended for Poland to not fall back into the eastern side of the divide that it had lived with for the last 50 years.

First, Mazowiecki invokes the idea of a European civilization. “I believe that at this historic moment for our continent, it is worthwhile asking ourselves where the deepest sources of unity in the European civilization which is now on the way to revival are.”¹⁷⁴ Not only does Mazowiecki call upon the idea of a shared civilization across the continent of Europe, one that Poland would surely belong to, but also indicates that it had been dormant for a time. This is surprising, given that this is not the narrative that the Paris Charter is written in. The charter, rather than promoting an idea that there is some sort of shared identity across Europe, says that the European states now commit to uniting themselves under shared values that each state has committed to.

The era of confrontation and division of Europe has ended. We declare that henceforth our relations will be founded on respect and co-operation... Ours is a time for fulfilling the hopes and expectations our peoples have cherished for decades: steadfast commitment to democracy based on human rights and fundamental freedoms; prosperity through economic liberty and social justice; and equal security for all our countries.¹⁷⁵

However, Mazowiecki is less interested in proclaiming his support for the idea of shared neoliberal European values, ones like freedom of expression and secularism that he espoused in his August and September speeches, and more concerned with uniting Poland under a more

¹⁷⁴ Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 1.

¹⁷⁵ “Charter of Paris for a New Europe.” 3.

nationalist view of Europe. This would put Poland firmly within the group of nations that had, in a more militant nationalist view, propelled European civilization to the top of the world, and is one point where Mazowiecki departs from neoliberal internationalist narratives.

Mazowiecki's argument was that the Cold War was over, and the split in Europe was resolved. Therefore, now it was time for this supposed united European civilization to return, and he wanted to make sure that through political and economic reforms, Poland would find itself united with Western Europe. Considering that the CSCE—the predecessor to the modern Organization for Security and Cooperation in Europe (OSCE)—was arguably the most unified the European continent had been since the Roman Empire, it is unclear what European civilization Mazowiecki is once again referencing here. Regardless, by mentioning it in his speech, he indicates that Poland intends to leave behind the old, incorrect ways of socialism in order to rejoin the newly flourishing, modern European community united by their shared civilization.

Like his September speech, Mazowiecki offers some clues as to what the characteristics of this uniting civilization is. “The unique value of European culture stems from the continent's never surmounted clash between two seemingly opposite values: freedom and responsibility, the need for order and self-questioning. Christianity has given that culture a measure which protects it from extremes and sustains the creative nature of the above mentioned clash.”¹⁷⁶ Mazowiecki's mention of Christianity is a positive take on the unifying nature of Christianity in Europe, given that religious schisms within Christianity have given legitimacy to hundreds of years of wars on the continent. The medieval states that Poland claims as its ancestors, like the Duchy of Warsaw

¹⁷⁶ Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 1.

or the Polish-Lithuanian Commonwealth, were at the center of some of these schisms. However, again, it would be incorrect to call Mazowiecki a Christian Nationalist,¹⁷⁷ as evidenced by his statements promising freedom of religion in Poland.

Rather, Mazowiecki's attempts at centering Christianity to the idea of a modern, world-leading European civilization is in part due to the role that the Christianity, and the Catholic Church in particular played in the Solidarity movement that Mazowiecki was at the heart of,¹⁷⁸ and shows some indication that he views this influence as positive, and wishes for it to have the same effect on the rest of Europe. For him personally, and Poland as a whole, the Catholic Church, and Pope John Paul II specifically, played a large role as an emancipatory, revolutionary figure for Polish Independence. Mazowiecki credits the Catholic Church with playing a massive role in Poland's fight for independence from the Soviet Union in his September speech, saying "The Catholic Church has played a momentous role in the process of the nation's and the citizens' regaining of their rights, as well as in establishing-at critical moments-a dialog between the authorities and the people."¹⁷⁹

As such, it seems logical that he would continue to advance the idea of the Catholic Church as a unifying force for Europe, even if this crusade was wildly off topic for the secular CSCE.

Pope John Paul II, conscious that Europe's spiritual unity is composed of two great traditions, that of the East and that of the West, addressed a plea to Europe at Santiago de Compostela in Spain in 1982. He was speaking then to a divided Europe, but his plea is

¹⁷⁷ Mazowiecki, "Into the Breach." 40.

¹⁷⁸ Ibid.

¹⁷⁹ Mazowiecki, "Into the Breach." 40.

even more valid in the new Europe of today. It is the plea for Europe to rediscover its own sources and to restore its roots to life.¹⁸⁰

Here, Mazowiecki clearly calls for European unity, across the religious and political divisions that served as cleavages in late 20th century Europe, and some of which exist today. These divisions were the Western European Catholic/Protestant and Eastern European Orthodox divide, and the albeit shrinking, neoliberal and socialist divide. Doing so, he advances the idea Christianity is an integral part of the “source” of Europe, and as such should return as a unifying force; perhaps with Poland potentially leading the way. By 1990, it is probable that Christianity was no longer an integral part of the national image of many European nations, and in particular, the liberal democracies in the west that Mazowiecki is trying to tie Poland to in this speech.

In fact, not one Western European leader’s speech mentions the shared Christian values that Mazowiecki insists are a central part of the shared European civilization that is proposed in his speech. Not even the representative from the Vatican mentioned Christianity in his speech, instead, choosing to follow what the charter and most other European leaders said, and talk about secular democracy. “Democracy founded on recognition of and commitment to respect for the human rights and fundamental freedom of citizens It is in this new situation that the Holy See sees the most solid basis upon which we can hope for a future of peace and security in Europe.”¹⁸¹ These omissions from European leaders makes sense- they were trying to build a world and political order based on the fundamentals of neoliberal democracy, which requires secularism.

¹⁸⁰ Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 2.

¹⁸¹ Casaroli, Agostino. “Statement by His Eminence Cardinal Agostino Casaroli, Secretary of State of the Holy See.” Accessed November 8, 2022. <https://www.osce.org/ministerial-councils/472881>.

So, why was Mazowiecki bringing up Christianity and a “shared European civilization” at a conference that’s theme was creating a new world order based on civic values that all European democracies, old and new, were to adopt? Considering that Mazowiecki insists that the old, bad ways of socialism are incongruent with the new (yet old at the same time), better ways of the post-Cold War era, it is interesting that he insists on adding Christianity to the canon of this united European civilization. Would it be unpopular as an international political strategy? Probably, although geopolitical conditions in Europe at the time meant that Poland had a long leash to operate on. These mentions of Christianity are a domestic signaling, given the role that Solidarity played in the fight for Polish independence. Once again, Mazowiecki has to toe the line between neoliberal reformers on the international stage, and play his part as the Catholic reformer back home in Poland.

After all, Mazowiecki is committed to joining the burgeoning European community, while at the same time maintaining his political power back in Poland, which rests partly on his nationalist and Christian credentials. While it would be a benefit for Poland to have the Catholic Church and Christianity as major players in a post-Cold War Europe, it is much less important than simply securing a place in the neoliberal order.

The CSCE conference provided an opportunity to demonstrate Poland’s commitment to the neoliberal order. It allowed Mazowiecki to showcase himself as a committed neoliberal, and confirm Poland’s commitment to the role of being a model neoliberal state. “I am thinking above all of the European Community and its contribution to the process of European integration. Poland sees closer proximity to the Communities as an important policy objective.”¹⁸² Not only

¹⁸² Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 3.

is the goal of this speech to culturally tie Poland to the rest of Europe, and more specifically, Western Europe, but also to announce on the world stage that Poland intends to join the newly ascendant, US aligned European community. While Mazowiecki had said that he wanted to remain close to the Soviet Union and other former Warsaw Pact countries in his speech to parliament,¹⁸³ he is much more conciliatory to the neoliberal order than the remaining socialist order in his CSCE speech. Not only does he express his desire to join the greater neoliberal European community, and make a commitment for Poland to rejoin European civilization, but importantly declaring that “The European Community, NATO and The Council of Europe are permanent components of the European process.”¹⁸⁴ Once again, Mazowiecki plays into the idea of a Polish-Soviet binary, where Poland is now on the side of the west and capitalism, in clear opposition to the Soviets and socialism.

The Paris Conference was an important moment for Poland. At the same time, Poland was trying to secure vital credit and funds to get through the opening stages of transitioning to a market economy from prominent IMF creditor nations, called the Paris Club (no relation to the Paris Conference). The IMF, and the most powerful nations that make up the powerful voting block that directs the organizations’ policy, is careful to make sure that the money it gives out will be a good investment.

Conclusion

Ultimately, Poland would go to the IMF and neoliberal economists for help with their reforms. And just like Mazowiecki told his people in his addresses to the Polish Parliament,

¹⁸³ Mazowiecki, “A Solidarity Government Takes Power.” 242.

¹⁸⁴ Mazowiecki, “Statement by Mr. Tadeusz Mazowiecki, Prime Minister of Poland.” 3.

living life during the reform period was very difficult. For a long time, life got worse before it got better. Yes, Poland was free from the Soviet Union. But, in the process of doing so, it had invited other foreign powers in to exacerbate poor living conditions, lack of opportunity and poverty in Poland, all in the name of neoliberal reforms that Mazowiecki said would awaken the Polish economy.

Mazowiecki drew upon the legitimacy that he, Solidarity and other reformers, like Lech Wałęsa and Leszek Balcerowicz had gained from their time leading Solidarity, to promise that things would get better for the Polish people. And it certainly appears that reformers like Mazowiecki were authentic in their desire to help change Poland for the better. At the same time, Mazowiecki was using his credentials as a prominent anti-government reformer to draw upon Polish national myths as a way to justify the reforms he was undertaking. It is unclear whether Mazowiecki himself knew that the reforms were going to cause the suffering they did. However, what is not unclear is his use of common neoliberal narratives, that the society and market flourish and work the best without state oversight, and that this is the natural way of running a country and economy. These reforms were supposed to return Poland to its pre-socialist glory. However, instead of progressing forward on a purely Solidarity and Polish path, the reforms invited foreign economists, governments and international institutions to use Poland as a testing ground to showcase the supremacy of neoliberal policies.

Through these three speeches, we can see the start of the neoliberal reforms in Poland. Mazowiecki was not prime minister for long; he resigned in 1991 and was replaced by Jan Bielecki. However, the reforms he set in motion would be continued by the governments that followed his. Mazowiecki tapped into positive Polish nationalism, the Polish nation's connection

to Catholicism, and drew upon common neoliberal narratives that neoliberalism was the “correct” track, and now that Poland had left socialism, they were back in the natural order. As a result, Mazowiecki was able to justify the harsh years to come by promising prosperity to the Polish people.

At the same time, he was aware of Poland’s precarious position on the international political stage. As such, he made overtures to the neoliberal international community in order to secure badly needed economic assistance, and to emphasize Poland’s independence and desire to be a major player in international politics.

Chapter II

The Foreign Reformers

Poland’s economic transition had several architects. Some, like the previously mentioned Leszek Balcerowicz, were Poles looking to reshape their country’s economy as a part of the effort to remake Poland through political reforms. Others were foreigners. Notable Western economists like Jeffery Sachs, a rising star in economics in the late 1980s, and his colleague at the IMF, David Lipton were directly hired by Solidarity and brought on as advisors once the reformers achieved power.¹⁸⁵ Additionally, before, during and after the market reforms, Western economists that held prominent positions in powerful neoliberal academic institutions raced to share their opinions on what they thought Poland was doing right and wrong throughout the 90s. Through these powerful institutions, such as ones with hard power like the IMF, and others with soft power, like Harvard, these powerful members of the neoliberal Washington Consensus

¹⁸⁵ Sachs, “The Economic Transformation of Eastern Europe.” 3.

shaped the policy conversation to guide Poland down the path that they thought was best for the country as the process of economic reforms unfolded.

Looking to Chile, which underwent a rapid shift to a 1970's form of neoliberal capitalism, is a useful comparison- while acknowledging the differences between the two. The most dramatic difference is the way the transformation occurred, and how violent they were. In Chile, the transformation was not an addition to very real, positive political reforms. Instead, the new president of Chile, Augusto Pinochet, seized power in a violent coup that deposed the popular President Allende, and purged his political opponents. Nothing similar happened in Poland.

However, there are similarities that make comparison between the two a useful tool. In both countries, the Washington Consensus played a role in pushing economic reform that to a certain degree, their respective populations may not have wanted. In a speech a year after taking power, President Pinochet declared that he would be “making Chile a nation of owners and not of proletarians.”¹⁸⁶ This was not only in direct response to his predecessor, the socialist Salvador Allende, but also a statement directed towards the future. Pinochet would be taking the Chilean nation out of the past, and into modernity, where they would all be property owners, not backwards proles. Helping Pinochet implement his reforms were the Chicago Boys, Chileans educated in America and often considered the vanguard of neoliberalism.

In 1990, just as Solidarity took power in Poland, Lipton and Sachs published a paper titled *Creating a Market Economy in Eastern Europe: The Case of Poland* through the Brookings Institute, along with Stanley Fisher and Hungarian economist Janos Kornai. As the

¹⁸⁶ Pinochet, Augusto. “Declaración de principios del gobierno de Chile,” March 11, 1974. 10.

title and publishing date of the paper indicate, *Creating a Market Economy* is essentially a fully laid out plan, published right as Poland began to implement economic reforms. Then, in 1992, Sachs and David Lipton, with eventual United States Secretary of the Treasury, Lawrence Summers, wrote an analysis of Polish reforms titled *Privatization in Eastern Europe: The Case of Poland*, which, true to its title, argued that the most important part of Poland's economic liberalization was to create the concept of private property in Poland.¹⁸⁷ These papers argued that an immediate transition to neoliberal capitalism was the best way for Poland to integrate with the wider neoliberal international community. Two years after that, and armed with four years of hindsight, *Markets and Institutions in Large-Scale Privatization: An Approach to Economic and Social Transformation in Europe* was written by Roman Frydman and Andrej Rapaczynski. It is ideologically similar to the paper by Sachs, Summers and Lipton, but was written in a slightly different historical moment. As *Markets and Institutions* was published in 1994, Frydman and Rapaczynski had the benefit of four years of data and results, and at that point, it was fairly clear that Poland's economic transformation had not gone exactly as planned.

These papers have similar messages, and are indicative of the international perspective on Poland. *Privatization in Eastern Europe's* thesis is: "The transformation of the Eastern European economies into market economies requires comprehensive action on three fronts: macroeconomic stabilization, liberalization of economic activity, and privatization of state-owned enterprises... Nonetheless, privatization stands out as the most difficult and novel of the three, both conceptually and politically."¹⁸⁸ Sachs and Lipton focus on Poland explicitly because

¹⁸⁷ Lipton, David, Jeffrey Sachs, and Lawrence H. Summers. "Privatization in Eastern Europe: The Case of Poland." *Brookings Papers on Economic Activity* 1990, no. 2 (1990): 293–341. <https://doi.org/10.2307/2534508>. 1.

¹⁸⁸ Lipton, David, Jeffrey Sachs, and Lawrence H. Summers. "Privatization in Eastern Europe: The Case of Poland." *Brookings Papers on Economic Activity* 1990, no. 2 (1990): 293–341. <https://doi.org/10.2307/2534508>. 1.

they will have a direct impact on the economic reforms there. “Our focus will be Poland, where we serve as economic advisers.”¹⁸⁹ The authors, and more specifically Lipton and Sachs, who are the primary authors, have skin in the game in Poland, and choose to focus on it in this paper not only because it's where they are focusing their energy, but also because Poland is supposed to be the model for the rest of Eastern Europe.

For economists like Lipton and Sachs, Poland represented an opportunity to showcase the strength of their preferred economic policy to the rest of the world. “The case of Poland is particularly instructive, not only because Poland is Eastern Europe's largest economy and most populous nation, but also because it is the first country to embark on a program of fundamental market reform under a noncommunist government.”¹⁹⁰ Poland’s economic transformation, and the role that foreign economists like Lipton and Sachs played in it, was a tremendous opportunity for the Western world to fully triumph over the collapsing Communist bloc. *Creating a Market Economy* is explicit about this in fact, saying that as post-Communist states like Poland want to “rejoin Europe,”¹⁹¹ they present a chance to showcase the natural logic behind a liberal democratic political system with a market economy. Further, the chance to correct an ailing socialist planned economy with a neoliberal market economy was a tremendous opportunity for these economists to prove their theories, and put the final nail in the coffin on Marxist economies. What better way to showcase the superiority and innate naturalness of the “free-market,” than to have it rescue a floundering socialist planned economy.

¹⁸⁹ Ibid. 4.

¹⁹⁰ Lipton, David, Jeffrey Sachs, Stanley Fischer, and Janos Kornai. “Creating a Market Economy in Eastern Europe: The Case of Poland.” *Brookings Papers on Economic Activity* 1990, no. 1 (1990): 75–147. <https://doi.org/10.2307/2534526>. 77.

¹⁹¹ Ibid. 76.

International reformers like Sachs and Lipton are ultimately more interested in showcasing the correctness of liberal capitalism than actually improving the lives of Polish people. Even just a year into shock therapy, it was clear that things were going wrong. In 1991, Poland saw 405 strikes,¹⁹² and the next year, Poland's third prime minister since the fall of Communism, Jan Olszewski, was elected on the promise of ending shock therapy, yet his policies ended up reproducing it and entrenching capitalist reforms, in part due to the economic establishment in Poland seeing it as the only way forward.¹⁹³ Yet while some in Polish domestic policies were trying to figure out how to salvage the decline that shock therapy had perpetuated, international economists like Sachs and Lipton were instead arguing that Poland needed to double down, and singing the praises of the effects that privatization had on the country.¹⁹⁴

By the time these papers were written, in the early 1990s, socialist economies around the world were in decline. In Eastern Europe, and especially in Poland, socialism was clearly on the way out when Sachs and Summers wrote "Privatization in Eastern Europe", and by the time Frydman and Rapaczynski outlined their proposals to solving the problems that reform had exposed in Poland in 1994, socialism and the former Soviet sphere of influence was completely gone. This left the door wide open for fully-fledged, no holds barred neoliberal capitalism.

Not only was it neoliberalism's time to shine, it was also its chance to compete on the grave of its enemy, socialism. This gave neoliberal reforms the opportunity to showcase the superiority of their system. In the minds of people and institutions that made up the Washington

¹⁹² Ost, *The Defeat of Solidarity*. 72.

¹⁹³ Ost, *The Defeat of Solidarity*. 72.

¹⁹⁴ Sachs, Jeffrey. "The Economic Transformation of Eastern Europe: The Case of Poland." *The American Economist* 36, no. 2 (1992): 3–11. 4.

Consensus, the original neoliberal reformers, the Chicago Boys, had done a fantastic job in creating the Chilean Miracle. Now, the new kids on the block along with the IMF were going to turn the backwards, stagnant command economies of Eastern Europe into shining examples of modern, neoliberal, capitalist economies.

During the collapse of socialism in Poland, as it appeared that changes were being made, many academics and policymakers in Poland, and across most of the Warsaw Pact, were engaged in debates about what direction the country's economic policies should take. Should they stay with a socialist economy, or should they adopt the idea of market socialism?

Twenty four years later, when the last Soviet states were getting rid of their socialist political and economic systems, Poland reached out to their own version of the Chicago Boys, who argued that privatization of state owned enterprises was the most important thing Poland could do in creating a new market economy.¹⁹⁵

This new market economy was a key part of the new Polish state. Besides a political system independent from the Soviet Union, a market economy, as opposed to a controlled, socialist economy was integral to the new Polish nation-state's identity, as defined by Mazowiecki. It was so integral to Poland, that the constitution written during the late 90s specifically stated the economy the new state was to adopt "A social market economy, based on the freedom of economic activity, private ownership, and solidarity, dialogue and cooperation between social partners, shall be the basis of the economic system of the Republic of Poland."¹⁹⁶ A new, independent Poland was to leave the old, backwards ways of the planned economy, and

¹⁹⁵ Lipton, Sachs, and Summers, "Privatization in Eastern Europe." Page 3.

¹⁹⁶ "The Constitution of the Republic of Poland."

embrace democracy and capitalism- Poland was to follow the course of history, and join the modern world. And, they would do just that under the guidance of Jeffery Sachs and David Lipton.

Striking at the Workers, Failing to Take Down the Nomenklatura

The neoliberal reforms, like Pinochet's reforms, did have a target. Like Pinochet's goal of "removing" the proletarians, the foreign intellectuals and institutions saw the reforms as a chance to remove the workers from power.

Throughout *Privatization in Eastern Europe*, Sachs and Lipton evidently recognize the fact that Polish workers hold a significant amount of power in Polish politics, and any new economic transformation should recognize this as a potential roadblock. For example, during a hypothetical privatization process of a state owned enterprise, Sachs and Summers propose that former workers be given a share.¹⁹⁷ The authors also note that privatization through IPO's could have the added benefit of promoting "people's capitalism",¹⁹⁸ by having more smaller investors involved in the market through ownership of shares.

Markets and Institutions also identifies the workers as holders of significant power- and is much more explicit in its recommendation to curb their interests. "The interest of the workers, who care, above all, about their employment and remuneration, is not at all parallel with the interest of the public (which wants the best product at the lowest possible price) or with the long-term requirements of the economy as a whole."¹⁹⁹ The separation of workers and the public into

¹⁹⁷ Lipton, Sachs, and Summers, "Privatization in Eastern Europe." 37.

¹⁹⁸ Ibid. 32.

¹⁹⁹ Frydman and Rapaczynski, "Markets and Institutions in Large-Scale Privatization." 25.

two separate groups is significant. In the minds of neoliberal reformers- the workers represented a political class that was wholly different from the “public”.

Their reasoning for completely doing away with any form of worker or state oversight and governance in industry is because of the legendarily inefficient bureaucracy that said oversight and ownership created. “Enterprises escaped from central planning into an endless series of negotiations with the bureaucracy over taxes, subsidies, prices, and output, rather than into a true market environment.”²⁰⁰ This system of bureaucracy, commonly referred to as the nomenklatura system, was infamous for its legendary inefficiency and corruption. While not the sole cause for the movement that would become Solidarity, frustration with the economic establishment, made up of the nomenklatura, was a major part. Removing the nomenklatura, and the deleterious effect they had on the economy, was an issue that both the Polish people and the elite reformers wanted to tackle.

The nomenklatura were state appointed bureaucrats, whose power depended not on their performance in whatever industry they were working in, but on personal connections and bureaucratic clout.

The positions covered by nomenklatura were assigned through nominations approved by the party, to also include formally elected positions, which required in turn the party’s recommendation. The universality of this system—its ambition to seize complete control of all aspects of Poland’s social life—has to be seen as its most dominant characteristic.²⁰¹

²⁰⁰ Lipton, Sachs, and Summers, “Privatization in Eastern Europe.” 13.

²⁰¹ Tyimiński, Maciej. “Local Nomenklatura in Communist Poland: The Case of the Warsaw Voivodship (1956–1970).” *Europe-Asia Studies* 69, no. 5 (July 2017): 709–27. <https://doi.org/10.1080/09668136.2017.1333087>. 7.

Getting rid of the nomenklatura was a no-brainer- they were an absolutely negative product of the old order, and all elements of Polish society—besides the nomenklatura themselves—wanted them gone. In an article in *Gazeta Wyborcza* from July 1989 (while the paper was still the official newspaper of Solidarity), said that the nomenklatura, who had destroyed the once productive cooperatives with their greed, would be removed and the cooperatives reformed were fighting efforts to reform the movement, which they had co-opted to make themselves rich.²⁰²

If *Gazeta Wyborcza* had identified the nomenklatura as an enemy, then Solidarity certainly had as well. In this, the foreign reformers and their elite Polish allies found common ground with the Polish people. Where they then diverged, was their response on how to deal with the issue. Whereas the Polish people mobilized under the banner of Solidarity to push for structural reforms, the Polish elite and foreign reformers saw the opportunity as a chance to make Poland like other neoliberal economies where workers hold very little power.

Like Frdyman and Rapaczynski, Sachs and Lipton include a provision that keeps most of the decision making out of the hands of Polish workers. “The state, however, retains a trump card, since the Prime Minister, on the motion of the Minister of Ownership Transformation, can order the transformation of an enterprise.”²⁰³ Yes, there is the provision afterwards about the balancing act. But Sachs and Lipton are clear- the state, which is no longer in the hands of the workers after the transition from socialism holds the power to direct privatization. And that Polish state was now heading towards a complete, revolutionary transformation of their

²⁰² wyborcza.pl. “Bastion Nomenklatury.” June 7, 1989. <https://classic.wyborcza.pl/archiwumGW/6013777/BASTION-NOMENKLATURY>. Translated with Google Translate.

²⁰³ Lipton, Sachs, and Summers, “Privatization in Eastern Europe.” 21.

economic system that would join the capitalist system, and as such, had no room for proletarians. It was time for the Polish people to become proprietors.

Sachs and David Lipton quickly identify the opponents to progress in the form of privatization of state owned enterprises: the annoying workers in the labor unions. “Particularly problematic for Poland is the fact that workers' councils are powerfully organized in many enterprises, and are fighting for worker self-management and against privatization.”²⁰⁴ Just as in Chile, the enemy of modernizing, and as such, the enemies of progress were the proletarians. Similarly, Pinochet stressed that the key to turning the Chilean nation into proprietors was through guaranteeing the right to private property.²⁰⁵

Likewise, Frydman and Rapaczynski acknowledge that in order for the reforms to succeed, some sort of concessions had to be made to the workers. Even if firms were being privatized, under a plan that was more reform oriented, perhaps privatization would involve worker ownership of firms, in order to keep those involved with the production of labor in the distribution of capital. However, according to Frydman and Rapaczynski, the idea of worker ownership over firms would defeat the purpose of privatization.

The most deeply flawed free distribution proposals envisage a giveaway or heavily subsidized sale of the shares of state-owned enterprises to the workers employed in them... Moreover, quite apart from equitable and distributive considerations, the proposal to give to the workers the ownership of enterprises in which they work would constitute a step in a radically wrong direction from the economic point of view. The interest of the workers, who care, above all, about their employment and remuneration, is not at all parallel with the interest of the public (which wants the best product at the lowest

²⁰⁴ Lipton, Sachs, and Summers, “Privatization in Eastern Europe.” 4.

²⁰⁵ Pinochet, “Declaración de principios del gobierno de Chile.” 10.

possible price) or with the long-term requirements of the economy as a whole (which requires long-term investment and productivity growth).²⁰⁶

Frydman and Rapaczynski's argument rests on the assumption that the two groups they mention, the workers and the public, have divergent interests, and that the workers are wholly separate from the public. At the start of the Polish transition, in 1989 and 1990, the majority of the population was classified as a "worker." In those years, Household Budget Surveys showed that workers made up 55% and 53% of the total Polish labor force, respectively.²⁰⁷

If over half of the population is classified as a "worker", then in a democratic country, the interest of the majority of the public would be the interest of the worker. Now that Poland was going to be a democracy, ruled by Polish people, it would make sense that the new economic policy that Poland would adopt would benefit the most people possible. Certainly, for many Polish reformers, the pivot to neoliberalism was legitimately thought of as a way to raise the standard of living in Poland. However, the foreign reformers, like Frydman and Rapaczynski demonstrate that they did not think worker ownership led to better economic conditions, even workers owning private shares is unacceptable to them.

Unfortunately for Frydman and Rapaczynski, the considerable power afforded to workers due to their presence as the majority in the Polish electorate meant that by the time they wrote their paper in 1994, the privatization process had already been infiltrated by the proletariat. "In Poland, this pressure had resulted, despite the initial resistance of the government, in a series of provisions in the privatization law that allow the workers to buy up to 20 percent of the shares

²⁰⁶ Frydman and Rapaczynski, "Markets and Institutions in Large-Scale Privatization." 25.

²⁰⁷ Keane, Michael P., and Eswar S. Prasad. "Inequality, Transfers, and Growth: New Evidence from the Economic Transition in Poland." *The Review of Economics and Statistics* 84, no. 2 (May 1, 2002): 324–41. <https://doi.org/10.1162/003465302317411578>. 5.

of the companies in which they are employed at seriously discounted prices.”²⁰⁸ Frydman and Rapaczynski clearly did not want to let this stand- the reforms they proposed, like Sachs, Summers and Lipton’s, were to be comprehensive. Therefore, they argued for a series of changes to the privatization process by which the Polish state could “contain”²⁰⁹ the power of workers interests that Sachs, Summers and Lipton mention in their article as a major roadblock to privatization, in an effort to achieve peak efficiency in the Polish economy. Their proposal essentially boils down to making workers choose between receiving shares of privatizing industries either through their role as workers, or in distribution programs that gave them to all citizens as part of a program to democratize the new stock exchange being opened.²¹⁰

Likewise, writing back in 1990, Sachs and Lipton zeroed in on the workers as potential obstacles in the way of macroeconomic policy reform. For example, they cite workers pressing for wage increases as a significant increase in excess demand of goods: “the wage push pressures of workers at state firms, since these pressures are only weakly resisted by state managers (who are often themselves appointed by the workers councils.)”²¹¹ Lipton and Sachs touch on two points here. They identify the political pressure workers are able to exert due to the essential role they play in the economy as an obstacle to their reforms, but the formal power that workers have in the firms that they work for is obviously noted as a roadblock for privatization. This is just one example of the threat that worker power posed to the neoliberal reformers, despite that it was a workers movement that gave the reformers the chance to tinker with the Polish economy.

²⁰⁸ Frydman and Rapaczynski, “Markets and Institutions in Large-Scale Privatization.” 26.

²⁰⁹ Ibid. 27.

²¹⁰ Frydman and Rapaczynski, “Markets and Institutions in Large-Scale Privatization.” 27.

²¹¹ Lipton et al., “Creating a Market Economy in Eastern Europe.” 98.

In their paper, Frydman and Rapaczynski are careful to acknowledge that workers' rights are important, they just believe that it would be better to preserve their rights through other means. "This is not to say, of course, that the interests of the workers are not very important or that they should not be protected by some institutional arrangements. The appropriate institutional protection of the workers' interests, however, should come in the form of trade unions and governmental regulation of employment conditions, rather than worker ownership."²¹² Interestingly, while Frydman and Rapaczynski say these protections are institutional, they would be much easier to chip away at than direct worker ownership and governance, even if worker ownership and governance is part of a privately owned company, a system that works in market economies like Germany.

While claiming to have the interests of Polish workers in mind, Frydman and Rapaczynski have to balance those interests with their mission: "reintroducing the very institution of property"²¹³ to Poland, in order to stimulate economic growth. Ultimately, the interests of workers, no matter how much of the population they make up, are not at the center of their considerations. This is the same for other foreign reformers. Sachs and Lipton share Frydman and Rapaczynski's annoyance with the power of workers in Poland, and view the power they hold as a roadblock to the radical reforms they wish to implement.

For Sachs and Lipton, the idea that workers should play a role in ownership is absurd. That's not how things are done in the west, and now that they were in charge, they were going to turn Poland into a Western style economy. Things like worker or state governance of firms was

²¹² Frydman and Rapaczynski, "Markets and Institutions in Large-Scale Privatization." 26.

²¹³ Frydman and Rapaczynski, "Markets and Institutions in Large-Scale Privatization." 11.

not going to be tolerated. Even when trying to explore a more moderate reform of state or worker ownership of industry completely removes workers from the decision making process.

Another possibility, for example, could have been the classic state-owned enterprise in the British tradition, which is governed by an independent board of directors appointed by the government. The board of directors possesses some operational independence from the government, and appoints the management, approves its plans, and monitors its performance.²¹⁴

Any system that relies on the promotion of individuals to management positions based on political acumen or personal connections is completely antithetical to how capitalists envision an economy should be run. As pro-capitalist reformers, Frydman and Rapaczynski are keen to dismantle the nomenklatura system, which they see as a natural extension of worker and state ownership.

Lipton and Sachs, who's paper was published shortly after the Balcerowicz Plan was passed, are likewise eager to announce that their reforms have ended the system, freeing Polish industry from the rusty gears of nomenklatura bureaucracy. "After the collapse of Poland's communist regime, the independence of the enterprises increased enormously. The nomenklatura system collapsed, as did the direct intervention of the party in enterprise matters."²¹⁵

The reforms that the outsiders, along with the Polish elite economists, instituted in Poland to get rid of the nomenklatura had the opposite effect. Instead of getting rid of the cumbersome, inefficient bureaucracy of the Polish socialist state, the reforms failed to get rid of the nomenklatura, and in some cases, actually strengthened their power. An issue of *Harper's* from

²¹⁴ Lipton, Sachs, and Summers, "Privatization in Eastern Europe." 13.

²¹⁵ Lipton, Sachs, and Summers, "Privatization in Eastern Europe." 14.

1993 details how a tax commissioner under the Socialist government in charge of a small mining town south named Belchatow, appointed due to his political connections—classic nomenklatura—had stayed in power after reforms. The bureaucrat, named Kisielewicz, is described by the article's author, Tina Rosenberg. “He looks the perfect pre-1989 Communist bureaucrat, and has been known to act like one as well.”²¹⁶ Kisielewicz behaves like a classic corrupt official: he attacks his opponents, like Solidarity run restaurants by “auditing” their business, and gives special privileges to his friends.²¹⁷

Rosenberg lays out the process by which the nomenklatura kept their grip on power. First, the nomenklatura started to see the writing on the wall as the 80’s went on- clearly, something was going to change. For example, understanding that his time in power may have been up soon in 1988, the mayor of Belchatow used his connections to get him and his allies the nicest state built houses for \$8,000.²¹⁸ According to Rosenberg, this was quite the steal,²¹⁹ and helped him, along with other nomenklatura, strengthen their political and financial situation so that once democratization came, they would have the political and financial stability to force the reformers to keep them in power in Belchatow, or face a total collapse of government and services.²²⁰

This process played out all over Poland. Solidarity’s weak position leading the government ment that they had to keep the nomenklatura happy, or risk facing a revolt that

²¹⁶ Rosenberg, Tina. “Meet The New Boss, Same as the Old Boss: How Poland’s Nomenklatura Learned to Love Capitalism.” *Harper’s*, January 1, 1993. <https://www.proquest.com/docview/1301546109?&imgSeq=1>. 1.

²¹⁷ Rosenberg, “Meet The New Boss, Same as the Old Boss:” 1.

²¹⁸ Rosenberg, “Meet The New Boss, Same as the Old Boss:” 1.

²¹⁹ Ibid. 1.

²²⁰ Ibid. 1.

would cripple the movement just as it arrived at the helm of the Polish state.²²¹ One of the major critiques of Mazowiecki was that his government included many ex-Socialist officials. These officials from the old regime then further helped their allies further down in government ministries stay in power. Then, when Leszek Balcerowicz, who Rosenberg calls a “disciple of Jeffery Sachs, that Jimmy Swaggart²²² of financial reform”²²³ implemented shock therapy, there was a fire sale of state enterprises that was carried out by the corrupt officials that were still in power- and they simply sold those state enterprises to their family and political allies.

Failures like the inability to weaken the power of the nomenklatura and the corrupt officials that Solidarity organized against in the first place is a massive failure of the international led reforms. Because international reformers like Sachs failed to understand Polish domestic politics, the policies they and their Polish allies implemented ended up missing the mark. Not only was their monetary policy questionable- but the political analysis they employed was either flawed, or completely missed the point. Surely they knew the nomenklatura were a problem, that's why reforms were often targeted at removing them from power structures, in order to unburden the Polish economy.

The Core of the Reforms: The Right To Private Property

The workers were targeted because they presented the biggest obstacle to the most important part of the reforms, privatization and introducing a comprehensive right to private property to Poland.

²²¹ Ibid. 1.

²²² An American televangelist.

²²³ Rosenberg, “Meet The New Boss, Same as the Old Boss:” 3.

There is another parallel to Pinochet and Chile here. Pinochet was concerned with moving Chile out of the leftist world of the 1970s, and into the so-called modern capitalist economy. He refers to this project as a “reconstruction”²²⁴ of Chile- not just the economy, but of the entire nation. Pinochet’s stated goal was to turn the nation from proletarians to proprietors, and this transformation required a complete reconstruction of the Chilean nation, through economic and political reforms. Sachs and Summers also use this language of reconstruction in their plan for Poland, although they use the word transformation for their planned reinvention of Poland as a modern state.

Frydman and Rapaczynski are equally as radical in their plans. They identify privatization as “a complex social and economic transformation, which is supposed to change the way every company is run and every business decision is made.”²²⁵ Why privatization? For these reformers, the IMF backed reforms undertaken by the Polish government were simply not enough, structural changes needed to be made. According to Frydman and Rapaczynski, reforms like “credit restrictions, wage restraints, and reduction of subsidies” were not sufficient, because Poland, as a former socialist state, did not have the key component that makes up every capitalist economy: private property.²²⁶

The missing link, private property, is considered essential to the “creation of the basic conditions of a market economy.”²²⁷ Frydman and Rapaczynski frame it using the classic

²²⁴ Pinochet, “Declaración de principios del gobierno de Chile.” 5.

²²⁵ Frydman, Roman, and Andrzej Rapaczynski. “Markets and Institutions in Large-Scale Privatization: An Approach to Economic and Social Transformation in Eastern Europe.” In *Privatization in Eastern Europe, Is the State Withering Away?*, 9–45. Central European University Press, 1994. <https://doi.org/10.7829/j.ctv280b7d1.6>. 40.

²²⁶ Ibid. 11.

²²⁷ Ibid. 12.

economics example. According to them, the reason Poland is unable to fully develop a modern economy without private property is a simple issue of the tragedy of the commons. Interestingly, *Markets and Institutions* identifies not just the capitalist answer to managing the commons, but also the socialist answer.

There are two standard ways of dealing with the problem of the commons: regulation and the creation of property rights. In the first case, a communal decision is made concerning the use of the common resources, and this decision is then coercively enforced against those who attempt to free ride on the efforts of others. In the second case, resources are assigned to the exclusive use of individual agents, who, having to pay all the costs and deriving all the benefits from the use they choose to make of the resources assigned to them, have the appropriate incentive to choose those uses which yield the greatest net benefit. In the first case, the social use of resources is made on the basis of political decisions; in the second, it relies on individual interest maximization, in conjunction with the market as a resource allocation mechanism.²²⁸

It is not included to justify the command economy system, but rather to explain it. Because Poland had a command economy, according to Frydman and Rapaczynski, it made the switch to a capitalist economic system without the key driving force behind capitalism: the profit incentive. The idea that rational actors will benefit in a system that rewards them is essential to the logical framework that makes up capitalism. The essentiality of the profit incentive is

²²⁸ Frydman and Rapaczynski, "Markets and Institutions in Large-Scale Privatization." 10.

incredibly important to all neoliberal reformers, from Sachs and Summers, Frydman and Rapaczynski and even Pinochet.

Sachs and Litpon see a free-market and the concepts of the profit incentive and private property as essential to a successful economy. They are critical of reform efforts undertaken by the Communist government, saying that even though efforts were undertaken to decentralize the Polish economy, these reforms would have always been unsuccessful because they didn't go far enough.

An important goal of the decentralization effort was to make enterprises self-financing in order to instill financial discipline... Profitability was to become the key criterion according to which enterprises would be judged, and, accordingly, management was expected to seek efficiency and improve product quality... In practice, little came of efforts to instill financial discipline among enterprises... Moreover, decentralization actually increased bureaucratic bargaining, as direct central control was replaced with a plethora of indirect policy instruments that came to be exercised with growing arbitrariness... Decentralization in the end turned out to be a poor substitute for the creation of real markets. Enterprises were neither privy to the information that markets might have provided, nor subjected to the discipline of market forces. The lack of provisions for free entry and exit, the shelter from competition from abroad, and the absence of capital market discipline on investment decisions and wage setting all contributed to the failure to invigorate the economy.²²⁹

Sachs and Lipton are keen to point out that reform socialism won't work, an argument similar to the one that Leszek Balcerowicz took in his paper in *Acta Oeconomica*. Why? Lipton and Sachs would argue that without key features of the market economy, most specifically the profit

²²⁹ Lipton et al., "Creating a Market Economy in Eastern Europe." 109.

incentive, that theoretically drives competition, an economy is doomed to fail. Specifically for the Polish example, firms were unable to become productive primarily because of the lack of the incentive provided by competition, and some specifically Polish cases, like the annoying workers councils, and the inept, corrupt managers that they protected. And of course, these types of managers are unique to planned economies.

Right alongside the key element of the profit incentive is private property. Since capitalism was at a high point during the early to mid 1990s, it made sense that neoliberal reforms, especially those driven by the IMF, pushed for as much privatization as possible. So, even though the original shock therapy bills did not include privatization, rapidly shifting conditions during the 1990s, even four years later in 1994, when Frydman and Rapaczynski wrote their proposals for reform, it now made even more sense for Poland to completely privatize, and fully embrace a capitalist system, now that the Soviet Union was completely gone—and for those that advocated reform to be complete and total about their proposals for reform.

Also written during this neoliberal gold-rush of economies looking for reform during the 1990s, Sachs and Summers “Privatization in Eastern Europe” is equally as radical. The core purpose of their reforms was the complete re-working of the socialist economy into a neoliberal capitalist one through the “equitable transformation of state property into private property”²³⁰. In Pinochet’s Chile, he and his advisors, schooled by the wizard of capitalism, Milton Friedman, had complete control to do what they wanted to the Chilean economy. This was Pinochet’s chance to destroy the socialists that he detested so much, and prove to the world the superiority of capitalism (never mind the fact that there would be zero democracy involved, which goes

²³⁰ Lipton, Sachs, and Summers, “Privatization in Eastern Europe.” 4.

against the argument of neoliberals that capitalism and democracy often go hand in hand). Regardless, Pinochet would find some admirers. In the late 90's, one Czech politician argued that if the Czech Republic had Pinochet in 1948 (when the Czech Communist Party seized control in a coup), then development would have gone a lot different.²³¹ While the members of Solidarity were certainly not admirers of Pinochet, the wider Washington Consensus certainly viewed Chile as a model- the idea of the "Chilean Miracle" is central to the narrative of neoliberal market capitalism.

For Pinochet, the buzzword for re-making his country was reconstruction. For Lipton and Sachs' proposals for a new Poland, that buzzword is transformation. In order for something to be transformed, or reconstructed, it has to be identified as something that needs fixing.

The new law allows for the transformation of state enterprises into Treasury-owned joint-stock companies, under the direction of a new Ministry of Ownership Transformation. The law also provides that the process should be approved by the state enterprise manager, the workers' council, and the founding organ. Thus, the enterprises are given a veto. The state, however, retains a trump card, since the Prime Minister, on the motion of the Minister of Ownership Transformation, can order the transformation of an enterprise. In the end, there remains the delicate balancing act between the interests of workers, managers, and the state.²³²

Under their plan, state owned enterprises were to go under a process of transformation- a radical re-making. The word choice of transformation is language that suggests a complete re-making of the current order, and that is not what Sachs and Lipton propose. They would take the current

²³¹ Hospodářské noviny (HN.cz). "Chile po puči: Nejčistší a nejprůzračnější hospodářský neoliberalismus se spojil s nejtvrdější politickou diktaturou," December 4, 1998. hn.cz/c1-972602-chile-po-puci.

²³² Lipton, Sachs, and Summers, "Privatization in Eastern Europe." 21.

state owned enterprises that Sachs and Lipton identify as inefficient and hampered by redundant bureaucracy, and rework their structures in order to make them valuable members of a competitive free-market. They propose a transformation of said enterprises, and instead of dissolving them and building them from the ground up, their transformation, while certainly radically different from the goals of the enterprises in the former socialist economy, still exists within the bones of the old framework- which begs the question about how much really changed.

Looking at Sachs Specifically

No foreign economist was more important to Poland's reform effort than Jeffrey Sachs. He had served as an unofficial advisor to Solidarity during 1989, shortly before the collapse of the socialist state,²³³ and was an official advisor to senior officials in the government and Parliament once the Solidarity led coalition took power.²³⁴ His advisees rising to power gave him the chance to tinker with an entire economy, and even better, prove his idea that "If you look at how reform has occurred, it has been through the rapid adaptation of foreign models, not a slow evolution of modern institutions."²³⁵ Instead of merely adjusting the economies of states where he served as an advisor, Sachs would replace economic systems completely, importing the Washington Consensus neoliberal model without any real care if the state he was advising was a good fit for that type of model. Sach's first attempt at reforming an entire economy in this style was not Poland, but Bolivia.

²³³ Sachs, "The Economic Transformation of Eastern Europe." 3.

²³⁴ Ibid. 3.

²³⁵ Passell, Peter. "Dr. Jeffrey Sachs, Shock Therapist." *New York Times*. June 27, 1993, sec. Magazine. <https://www.proquest.com/docview/109035721/abstract/27AAF1A65D9A4414PQ/1>. 3.

In a book published in 1990, *Developing Country Debt and Economic Performance*, Sachs, described Bolivia's economy as facing "the most dramatic inflations in world history and one of the only hyperinflations that did not result from the dislocations of war or revolution."²³⁶ Bolivia has an interesting parallel to Poland. Bolivia went through a series of left wing governments, many under the control of the military, from 1952 to 1985. When reformers came into office on the back of the hyperinflation, Sachs claimed the New Economic Policy, guided by him, had an immediate effect. "Within days, the hyperinflation ended."²³⁷ The program was a classic neoliberal reform effort, where "the program embraced widespread liberalization of trade and finance, as well as fiscal austerity."²³⁸ The reforms "consolidated the public sector budget,"²³⁹ eliminated private price controls, and decentralized major state enterprises.²⁴⁰

This style of reform would earn Sachs the title of "Shock Therapist,"²⁴¹ at the time a positive title, and earned him praise in the Western media. Another *New York Times* article would call him a "whiz kid of economics,"²⁴² and praised him as someone who "made transformation of populist or socialist economies like Bolivia, Poland and, more recently, the Soviet Union his personal crusade,"²⁴³ and because of this personal crusade, he took himself out of the race for a prestigious economics award "by deciding that saving the economies of Latin

²³⁶ Sachs, Jeffrey, and Juan Antonio Morales. "Bolivia's Economic Crisis." In *Developing Country Debt and Economic Performance: Country Studies- Argentina, Bolivia, Brazil, Mexico*, 2nd ed. Vol. 2. Chicago: The University of Chicago Press, 1990. 159.

²³⁷ Sachs and Antonio Morales, "Bolivia's Economic Crisis." 238.

²³⁸ Ibid. 238.

²³⁹ Ibid. 239.

²⁴⁰ Ibid. 239.

²⁴¹ Passell, "Dr. Jeffrey Sachs, Shock Therapist." 1.

²⁴² Nasar, Sylvia. "Three Whiz Kid Economists of the 90's, Pragmatists All: [Biography]." *New York Times, Late Edition (East Coast)*. October 27, 1991, sec. A.

²⁴³ Nasar, Sylvia. "Three Whiz Kid Economists of the 90's, Pragmatists All: [Biography]." *New York Times, Late Edition (East Coast)*. October 27, 1991, sec. A.

America and Eastern Europe was more important than churning out scholarly articles.”²⁴⁴In the eyes of the American press- he was presented as a swashbuckling cowboy economist, eager to get out of the classroom and into the real world, where he could implement his ideas- that happened to coincide with Washington Consensus economic and political interests. Sachs received an unusual amount of praise for being an economist, which is usually not considered to be a glorious and exciting profession. The narrative about him in some articles paints him as a sort of boy genius. “True, he was a prodigy at Harvard, passing his general exams for a Ph.D. in economics while still in college... And he won tenure in one of the nation’s best economics departments at the age of 29”²⁴⁵ (what took him so long?) This narrative of the cowboy boy genius economist reaches its apex during the story of how Sachs got his first job- reforming the economy of Bolivia in 1985.

According to an article in *The New Yorker* published in 2005 to promote Sach’s new book about his newest crusade at the time—solving poverty by getting wealthy countries to give foreign aid—all it took was a moment of supreme confidence. According to Sachs himself, he “thought that I knew just about everything that needed to be known”²⁴⁶ about inflation and price controls in 1985. As the story goes, Sachs was the only economics professor to turn up to a seminar organized about the inflation crisis in Bolivia.²⁴⁷ During the discussion, Sachs “interrupted the speaker, strode to the blackboard, and announced ‘Here’s how it works.’ When he finished scribbling equations, a voice at the back of the room said ‘Well, if you’re so smart,

²⁴⁴ Ibid.

²⁴⁵ Passell, “Dr. Jeffrey Sachs, Shock Therapist.” 3.

²⁴⁶ Cassidy, John. “Always With Us? Jeffrey Sachs’s Plan To Eradicate World Poverty.” *The New Yorker*, April 3, 2005. <https://www.newyorker.com/magazine/2005/04/11/always-with-us>.

²⁴⁷ Passell, “Dr. Jeffrey Sachs, Shock Therapist.” 3.

why don't you come down to La Paz to help us?"²⁴⁸ The voice at the back of the room belonged to a prominent Bolivian businessman and soon to be foreign minister- and he was serious. The rest is history.

Using the mild short term success of Bolivia, Sachs was appointed by Solidarity to be their economic advisor, funded by the billionaire George Soros.²⁴⁹ Once again, he was given the chance to shape an entire country's economic reform. This time, he was doing it to a country that was famous for stagnation due to its planned economy, and Poland provided an opportunity to showcase that Sachs-style economics was supreme. Sachs getting these opportunities showcases the power institutions like Harvard had in the neoliberal world, and reformers, desperate for "experts" turned to prominent members of these institutions. Through universities like Harvard, think tanks like the Brookings Institute and international organizations like the IMF and the World Bank, the Western world and the Washington Consensus were able to exert their influence in informal ways- like having a young American professor play a large role in the economic reforms of Poland.

In 1992, Jeffrey Sachs would write his argument for the reforms undertaken by Poland in *The Economic Transformation of Eastern Europe: The Case of Poland*. Sach's paper takes a similar position to *Privatization in Eastern Europe: The Case of Poland*, however, even with two years of hindsight, he remained quite optimistic about the success of reforms in Poland. While acknowledging that "the first two years of post-communist rule have been tumultuous for the

²⁴⁸ Cassidy, "Always With Us? Jeffrey Sachs's Plan To Eradicate World Poverty."

²⁴⁹ Norton, Robert, and Jennifer Reese. "The American Out to Save Poland." *CNN Money*, January 29, 1990. https://money.cnn.com/magazines/fortune/fortune_archive/1990/01/29/73021/index.htm. Soros was active in funding neoliberal economies to help countries exiting the Soviet sphere- this is not an attempt to promote conspiracy theories.

average citizen,”²⁵⁰ he remained confident that the reforms that Eastern European states, and Poland in particular were undertaking would ultimately be successful. “I believe that the new democratic leaders of these countries have already hit upon a broad strategy for economic reform that has a good chance of success.”²⁵¹ This is consistent with what Sachs said would happen in his 1990 paper, where he claimed that “The real gains from private ownership (reforms) will take years to manifest themselves.”²⁵² However, even just two years after reforms began, it was unclear if the beginnings of the gains from private ownership were starting to manifest, or if Sach’s claim of near guaranteed success was backed by empirical fact.

In the 1993 elections, Poland, which led the way in the Eastern European neoliberal revolutions, elected a new coalition government, headed by the Socialist party.²⁵³ What drove this shift in the Polish people who had just three years earlier, ushered in radical change, to reelect the old order? Most of it was a reaction to shock therapy. By the 1993 elections, unemployment was at fifteen percent.²⁵⁴ An unemployment rate like that would be the cause for crisis in most capitalist markets, especially ones in the leading market economies. But for Poland, which under socialism, had seen incredibly low unemployment rates, a rate of unemployment like that was inexcusable. But it wasn’t just the unemployment rate that drove the Polish people to reelect the socialists. “High unemployment, widespread poverty, and frustration at the outcome of reforms convinced the majority of Polish voters to support the

²⁵⁰ Sachs, “The Economic Transformation of Eastern Europe.” 3.

²⁵¹ Sachs, “The Economic Transformation of Eastern Europe.” 3.

²⁵² Lipton, Sachs, and Summers, “Privatization in Eastern Europe.” 4.

²⁵³ Perlez, Jane. “The World; Visions of the Past Are Competing for Votes in Poland.” *The New York Times*, September 12, 1993, sec. Week in Review. www.nytimes.com/1993/09/12/weekinreview/the-world-visions-of-the-past-are-competing-for-votes-in-poland.html.

²⁵⁴ Perlez, “The World; Visions of the Past Are Competing for Votes in Poland.”

postcommunists.”²⁵⁵ This defeat for the reformers happened just a year after Sachs published his reflection on the privatization and market reforms, so presumably the conditions that caused the rapid shift in Polish politics in 1993, were similar to the ones present as Sachs wrote his report.

Part of this disconnect comes from Sachs’ lack of focus on the material conditions of the Polish people. Instead, his main concern seemed to be macroeconomic concerns, and figuring out which monetary theory worked best. As an American economist, Sachs’ concerns were not wholly with the Polish people. For example, Sachs argues that Poland’s “fundamental course, like that of other Eastern Europe countries, is to aim for the closest possible economic and political integration with Western Europe.”²⁵⁶ Notably, Sachs is not explicit in saying that these reforms are for the benefit of the Polish people. This is not to say that he is not concerned about the Polish people, saying that “another motivation for harmonization and integration with Western Europe is the judgment, based on Western Europe’s post-war economic history, that free trade and financial relations with the EC will directly help Poland to catch up with Western European living standards.”²⁵⁷ But, once again, this is not the first reason Sachs argues that the Polish people, and the Polish state as a result, want to integrate with Western Europe.

Similar to the comments Mazowiecki made to the Paris Conference, the first justification Sachs gives for Poland’s fundamental course is that “most fundamentally, Poland desires to regain its place in the mainstream of European society and culture.”²⁵⁸ However, this statement from Sachs should not be read as a Polish nationalist statement, where the Polish nation seeks to

²⁵⁵ Ther, Philipp, and Charlotte Hughes-Kreutzmüller. “Getting on the Neoliberal Bandwagon.” In *Europe Since 1989, A History*, 77–111. Princeton University Press, 2016. <https://doi.org/10.2307/j.ctt1wf4db8.7>. 80.

²⁵⁶ Sachs, “The Economic Transformation of Eastern Europe.” 3.

²⁵⁷ Sachs, “The Economic Transformation of Eastern Europe.” 5.

²⁵⁸ Ibid. 5.

regain its lost glory by reuniting with Europe. Rather, it is part of a narrative that promotes Western Europe, and the “West” as a whole, as the economic standard, that less wealthy nations and states should use as a template to copy their economies off of. Sachs, a prominent economist in the Atlantic world, and firm believer in the glory of Western neoliberalism is unconcerned what the Polish people want- as an American economist, he knows what is best for them.

One of Sach’s key arguments is that proximity to and integration with wealthy Western European countries has helped poorer economies in the past catch up to the enviable living standards present there. “During the post-war period, the poorer countries of Western Europe’s periphery have tended to grow faster than the core economies, thereby narrowing the gap in living standards. There is strong evidence that the high growth rates of the poorer countries have been spurred by their close trade and financial ties with the rest of Europe.”²⁵⁹ In his reflection on Poland’s reforms in a short chapter in his book *The End of Poverty*, Sachs doubles down on this point, and argues it is one of the key lessons he learned from his experiments in Bolivia and Poland. “I realized more than ever how a country’s fate is crucially determined by its specific linkages to the rest of the world... although Poland’s geography had been the most adverse in the world for two centuries, it would likely prove to be among the most fortunate after 1989.”²⁶⁰ Poland’s new geographic luck was that it was an easy place to set up manufacturing hubs for major Western European corporations, and that the flat land that had made it easy to invade, would now make it easy to build car factories and export those cars across Europe.²⁶¹ According to Sachs, and his fellow Brookings Institute economists he cites to back up this fact, simple

²⁵⁹ Sachs, “The Economic Transformation of Eastern Europe.” 5.

²⁶⁰ Sachs, Jeffrey. *The End of Poverty: Economic Possibilities for Our Time*. New York, N.Y United States: Penguin Press, 2005. 128.

²⁶¹ *Ibid.* 129.

proximity and open trade with wealthy countries will grow the Polish economy. In an ironic twist, Sachs outright labels Poland as a periphery economy, but for neoliberals, being a periphery is not necessarily bad, it just means there is room to grow. In reality, periphery economies are places wealthy economies use to extract wealth, and its use in this paper by Sachs is deeply ironic, given the supposed goal of turning Poland into a powerful capitalist economy, on par with the most powerful states in Western Europe and North America.

The goals of Western reformers were out of touch with the needs of the majority of the Polish population, as shown by Sachs insistence on integration with Western Europe. This meant that goals and measuring sticks that the reformers targeted and used to measure the success of reforms were misguided and incorrect. For example, when talking about mid-range economic reconstruction, Sachs states that “Under communist rule, Poland’s economy was heavily skewed towards industry and away from services. This bias was cruelly felt in everyday life, in the form of a shortage of shops and restaurants, miserably inefficient banks, and virtually unobtainable personal service.”²⁶² Besides Sachs’ selective understanding of Polish economic development under socialism, his prioritization of growing the dining industry in Poland is questionable. Yes, Sachs mentions the lack of personal services, but it is notable that he prioritizes an issue like the lack of restaurants. Actors in the West like Jefferey Sachs, and Western institutions like the media, latched on to the growth in consumer goods in emerging capitalist markets as proof that capitalist economies were naturally superior to socialist ones. In the west, accumulating goods is the sign of a wealthy person, as such, if Poles were able to acquire more consumer goods, it would naturally mean that the Polish economy was doing what it was supposed to.

²⁶² Sachs, “The Economic Transformation of Eastern Europe.” 11.

In late 1992, the *New York Times* published an article reflecting on the impacts of Poland's overall reforms, and shock therapy in particular. The article opens with some statistics, "Percentage of families in 1991 with video players: 41 percent. With color TV: 83 percent. With tape recorders: 82 percent. With vacuum cleaners: 98 percent."²⁶³ Which country do these families live in? The *New York Times* thinks that readers could only expect a strong Western European economy like Belgium to have such strong color TV ownership, "Which well-off European country do these statistics describe? Belgium? Italy?"²⁶⁴ In fact, the country where 98% of families own vacuum cleaners is shockingly Poland, which is presented in the *New York Times* as an economic backwater- and a place where no one would expect most people to own goods like tape recorders.

These consumer good ownership rates are presented by the *Times* as proof that shock therapy worked. The article explains that shock therapy was hard, "The shock was traumatic: Factories collapsed, prices skyrocketed, and unemployment zoomed"²⁶⁵ but ultimately, Poland had come out on the other side of the reforms. After all, now almost half the country owned video players to watch early 90s classics like *Home Alone*. Jeffery Sachs takes the same tone in his 1992 report, saying that just a few weeks after the dramatic start of the reforms, and beneficial effect on the Polish economy, "Poles were startled to see the end of the shortages which had wracked Poland for decades,"²⁶⁶ and that they were overjoyed to see "new imported

²⁶³ The New York Times. "Opinion | Shock and Recovery in Poland," December 19, 1992, sec. Opinion. <https://www.nytimes.com/1992/12/19/opinion/shock-and-recovery-in-poland.html>.

²⁶⁴ Ibid.

²⁶⁵ Ibid.

²⁶⁶ Sachs, "The Economic Transformation of Eastern Europe." 8.

consumer goods on the market.”²⁶⁷ And to lend credence to what the *New York Times* reported, evidently the Polish people bought those new imported consumer goods en masse.

However, both Sachs and the *New York Times* concede that reforms had not been complete successes. The *Times* writes that “Polish capitalism isn’t home free. Output, though rising, is still low; by Western standards the Poles are still poor. Inflation is high. The Government’s elegant plan for turning over ownership of large state enterprises to ordinary citizens is caught up in political squabbling.”²⁶⁸ And in terms of overall consumption, while he notes that consumption of nutritional foodstuffs is rising,²⁶⁹ Sachs writes that the overall average consumption “has probably declined.”²⁷⁰ And while there had been successes in helping increase the wealth of certain segments of society, such as the rapid growth in small-business owners and entrepreneurs,²⁷¹ which occupy a near-mythical status in neoliberal capitalist democracies, Sachs does say that small farmers had particularly suffered from the dramatic ending of subsidies, which had depended on the subsidies to remain open, as they do in many powerful neoliberal economies, like the United States.²⁷² Sachs, and Western reformers as a whole, were ultimately unconcerned with solving real problems in Poland. Their focus ultimately unimportant things during a period of special economic concern, like consumer goods, while certainly a part of a wealthy lifestyle, were unimportant to the Polish people, who overthrew the Socialist state over having to stand in massive lines to get bread. Having color television’s in stores is great, but

²⁶⁷ Sachs, “The Economic Transformation of Eastern Europe.” 4.

²⁶⁸ The New York Times. “Opinion | Shock and Recovery in Poland,” December 19, 1992, sec. Opinion. <https://www.nytimes.com/1992/12/19/opinion/shock-and-recovery-in-poland.html>.

²⁶⁹ Sachs, “The Economic Transformation of Eastern Europe.” 5.

²⁷⁰ Ibid. 6.

²⁷¹ Ibid. 5.

²⁷² Sachs, “The Economic Transformation of Eastern Europe.” 6.

having them on shelves when the majority of Poles could not afford them due to unemployment and inflation did little but provide the illusion of choice. Outside reformers were more concerned with turning Poland into an economy where department stores could thrive, instead of first focusing on getting prices for basic goods under control and keeping the new market economy from crashing.

Like Lipton, Sachs places heavy importance on the privatization of Poland's industry, a massive undertaking for a country with little to no recent institutional experience with a market economy. Poland had a market economy in the 20th century, during the interwar years as the Second Polish Republic. However, that was five decades prior when the socialist state fell—Poland did not have many economists with experience in a market economy. As such, privatization would be difficult. “Without question, privatization is the most challenging and time-consuming of all of the steps of the reform program.”²⁷³ He points out that Poland is undergoing the biggest privatization effort in Eastern Europe, and the scale of the privatization program is even larger than the one the United Kingdom pursued under Margaret Thatcher.²⁷⁴

Poland's massive privatization campaign was a massive win for people like Jeffrey Sachs, and neoliberal institutions like the IMF and World Bank. For the neoliberal order, a former socialist state converting to a neoliberal market model would be the final proof that neoliberalism was the way to go for the entire world. Given Mazowiecki's repeated

²⁷³ Sachs, “The Economic Transformation of Eastern Europe.” 6.

²⁷⁴ Ibid. 6.

commitments during his speeches to this order- it made sense that prominent figures in the movement would dedicate themselves to Polish reforms.

Conclusion

Sachs was certainly not the only foreign reformer who would influence the economic reform process in Poland, and characterizing him as the main policymaker would be inaccurate. People like Leszek Balcerowicz, Lech Wałęsa and Tadeusz Mazowiecki, who had not only Solidarity credentials, but legitimate political power in Poland, were of course the main architects of the reforms. However, the involvement of Sachs as a “foreign expert” shows the international influence the wider neoliberal world had on the reform process. Rather than let Solidarity and the Polish people figure out how to best reform their economy, Sachs and other foreign reformers, like David Lipton, working alongside foreign institutions like the IMF pressured the government into accepting the foreign prescription for Poland’s economic illness-shock therapy.

Incredibly, in his book *The End of Poverty*, Sachs claimed that he sat down and wrote what would eventually become the Balcerowicz Plan in one night with David Lipton.²⁷⁵ Why would Solidarity, fresh off the success of promising economic reform, not revolution, accept this plan from a couple of young foreign economists? First- Sachs had the reputation of being a rockstar economist. According to him and the Western press, he had fixed Bolivia, so why shouldn’t the new leaders of Poland—who found themselves in a similar inflation crisis as the Bolivians had a few years earlier—trust him? Furthermore, Sachs held a key to solving a key

²⁷⁵ Sachs, *The End of Poverty: Economic Possibilities for Our Time*. 114.

problem for Poland through their foreign debt. In 1989, Poland had over \$40 billion in foreign debt.²⁷⁶ Poland could never pay off that foreign debt, especially not during the hyperinflation crisis it was experiencing. Sachs' plan was adopted by Balcerowicz, who agreed that a reformed form of socialism would not serve Poland's economic woes. This plan was acceptable to the IMF and the United States, who had withheld any meaningful aid to the country unless a full transition to capitalism was completed.²⁷⁷

Using a combination of international pressure, and desperation to solve the hyperinflation crisis, foreign reformers like Jeffrey Sachs, along with neoliberal Polish economists like Balcerowicz, took over the economic reforms that Solidarity promised, and instead turned them into a full-on neoliberal capitalist revolution.

²⁷⁶ Slay, *The Polish Economy: Crisis, Reform, and Transformation*. 87.

²⁷⁷ Klein, *The Shock Doctrine: Rise of Disaster Capitalism*. 176.

Chapter III

Voices of the Polish Intelligentsia and the Polish People

Once shock therapy was implemented in Poland, it was clear that the program had not worked as intended. As Mazowiecki said in his September speech, he and the other Solidarity reformers were aware that shock therapy would be a difficult process, but that the eventual economic stability it would bring would be well worth it.²⁷⁸ As the new program began, it seemed that the reforms were working. The main problem the program was supposed to tackle—and what Jeffery Sachs was specifically brought in for—hyperinflation, saw some relief. Immediately after the Balcerowicz Plan was passed through the Polish Parliament, it “appeared to work: a monthly inflation rate of almost 30% in the second half of 1989 was brought down, after a temporary upward ‘blip’ in January 1990, to only 3.4% in June.”²⁷⁹ The international press and reformers lauded shock therapy, at the time called Poland’s “big bang”, as a masterstroke.

However, this chapter will specifically ignore the international perspective on shock therapy in Poland. Instead, it will focus on domestic voices, from elite intelligentsia and politicians, and from the actual people who lived through the brutal process of shock therapy. The international perspective on shock therapy was never in question- the foreign reformers like Jeffrey Sachs and David Lipton were backed up by powerful international organizations like the IMF, powerful states like the United States, and the Western media that was publishing articles

²⁷⁸ Mazowiecki, “Into the Breach.” 54.

²⁷⁹ Blazyca, George, and Ryszard Rapacki, eds. *Poland Into The 1990s, Economy and Society In Transition*. New York, N.Y., United States: St Martin’s Press, 1991. 2.

proclaiming shock therapy a success,²⁸⁰ even as the Polish economy was floundering- with unemployment rising by 4% after the shock therapy was passed, and GDP falling by 8.5%.²⁸¹

The non-Polish perspective on shock therapy is clear- like all neoliberal capitalist programs, it is natural, and it worked. However, the people that lived through the reforms clearly saw it another way.

There are clear limitations to pursuing a historical accounting of the voices of Polish people in response to shock therapy in the 1990s. For one, I do not speak Polish, and have to rely on translated sources, or secondary sources that have translated primary sources in Polish to English. Second, there has been very little academic work done on the voices of the ordinary people that lived through shock therapy. Mark Kramer published “Polish Workers and the Post-communist Transition, 1989–1993” in 1992, which examines worker’s reactions to shock therapy, including public opinion polls. Kazimierz Kloc published “Polish Labor in Transition (1990-1992)” the same year, arguing that the Polish people had been willing to sacrifice “temporary lowering of living standards” in order to reform the economy, but that by 1992, their attitudes had reversed, and that both opinion polls that showed 70-90% of people expecting social tensions to rise and the large number of strikes against low wages and loss of benefits were evidence that Poles had turned against the reforms.²⁸² More contemporary scholarship, like Naomi Klein’s *The Shock Doctrine*, published in 2007, *Taking Stock of Shock: Social*

²⁸⁰ Engelberg, Stephen. “21 Months of ‘Shock Therapy’ Resuscitates Polish Economy.” *The New York Times*, December 17, 1992, sec. World. <https://www.nytimes.com/1992/12/17/world/21-months-of-shock-therapy-resuscitates-polish-economy.html>.

²⁸¹ Slay, *The Polish Economy: Crisis, Reform*. 94.

²⁸² Kloc, Kazimierz. “Polish Labor in Transition (1990-1992).” Translated by Mark Wegierski. *Telos* 1992, no. 92 (June 20, 1992): 139–48. <https://doi.org/10.3817/0692092139>.

Consequences of the 1989 Revolutions by Kristen Ghodsee and Mitchell A. Orenstein in 2021, examine the consequences of shock therapy, but through a socio–political lens. Other works, like “The Polish Middle Class” by Henryk Domański study the growth of a middle class in Poland after the emergence of capitalism. *Start Up Poland: The People Who Transformed an Economy* by Jan Cienski, examines the lives of people who became wealthy after the transition to capitalism, in the years after the tumult from shock therapy subsided. However, a historical accounting of the effects of shock therapy on the Polish people in the early 1990s is hard to come by, even with thirty years of hindsight and data.

This chapter will attempt to provide that– and show that the degradation of material conditions in Poland that were a direct result of shock therapy led to political unrest and instability in the new Third Polish Republic. Despite this unrest, the Polish people, and their desire to keep a liberal democracy added a layer of security, stabilization and normalization of the post-socialist political order that kept Poland afloat during the economic crisis. This commitment to liberal democracy went across class lines, both the elite intelligentsia and the workers who staffed Poland’s privatizing industries nevertheless remained committed to the neoliberal democratic project, even as commitment to the neoliberal economic project wavered.

The Voices of the Intelligentsia

In July 1990, two Polish academics George Blazyca and Ryszard Rapacki, collected thirteen essays by fellow academics about the performance of shock therapy. Blazyca, who was never a fan of socialism, and often critiqued neoliberal capitalism, and Rapacki, who himself was a neoliberal, wrote the introduction to the book. In the introduction, they acknowledged that inflation was going down– “a monthly inflation rate of almost 30% in the second half of 1989

was brought down,”²⁸³ yet that was their only positive assessment. “But the cost was immense, real incomes were cut by around 36% in the first half of 1990 (compared to the same 1989 period), output fell by 30% and unemployment accelerated sharply upwards (from next to nothing in December 1989 to over half a million, or 3.8% of the non-agricultural labor force, in June 1990).”²⁸⁴ Already, in 1990, it was clear to some in the Polish intellectual elite—of which many were key players in Solidarity’s rise to power—were beginning to realize that shock therapy was failing. And yet, those intellectual elites continued to advocate for neoliberal reforms. As Philipp Ther and Charlotte Hughes-Kreutzmüller argue in “Getting on the Neoliberal Bandwagon”, many of the Polish reformers themselves were not wholly interested in reconstructing socialism. Instead, they sought to reform—albeit radically—existing power structures. “The constructive mood among the revolutionaries of 1989 was due, perhaps, to their social backgrounds... Lech Wałęsa came from the upper strata of the socialist working class. The goal these middle-class revolutionaries pursued was not wanton destruction but a civil society.”²⁸⁵

Understanding what the Polish intelligentsia were saying is important, and shows that neoliberal market reforms were an almost unstoppable force that proved impossible to alter once it got going. While people from all parts of society, even those with political and social clout began to raise the alarm, and argue for simple reforms—like Blazyca and Rapacki—nothing was done to reverse course on the neoliberal revolution. The Balcerowicz Plan was like a train that was at full throttle going into a sharp turn- it needed to stop, and both the passengers and

²⁸³ Blazyca and Rapacki, *Poland Into The 1990s, Economy and Society In Transition*. 2.

²⁸⁴ *Ibid.* 2.

²⁸⁵ Ther and Hughes-Kreutzmüller, “Getting on the Neoliberal Bandwagon.” 77.

engineers knew it needed to stop, but they were unable to do so. Part of the problem was the tracks the train was on— in order for Poland’s foreign debt to be forgiven by the IMF, it had agreed to pursue neoliberal reforms.²⁸⁶ As long as Poland remained at the mercy of Western creditors, it would be hard to slow the juggernaut of reforms down.²⁸⁷

The intellectual leadership that made up Solidarity, and then took positions of power when Solidarity was elected to office in 1989 and 1990, were certainly in favor of neoliberal market reforms.²⁸⁸ Politicians continued with neoliberal reforms, and the Polish intelligentsia that many politicians came from were also firmly on board with the reforms. The neoliberal revolution was a product of international and domestic political conditions, and international and domestic reformers. Wałęsa, an electrician by trade and eventual trade unionist leader of Solidarity, sought to reform socialism by introducing liberal democratic elements, like a multi party system, but was completely out of his depth when it came to economics, which was an area of expertise any policymaker inheriting the disastrous state of the Polish economy in 1990 would need.²⁸⁹ There, he turned to others, who held prominent Western credentials like Sachs, Lipton and Balcerowicz to help with economic reforms.

This reliance on foreign assistance seems to be the clear view of Polish intellectual elites— at least the ones discussing the transition in *Poland Into The 1990s, Economy and Society In Transition*. At the end of their introduction, Blazyca and Rapacki say that foreign assistance is necessary in order to keep Poland from regressing into a pre-1989 form of government. “There is

²⁸⁶ Chan, “Poland at the Crossroads.” 128.

²⁸⁷ Ther and Hughes-Kreutzmüller, “Getting on the Neoliberal Bandwagon.” 83.

²⁸⁸ Tymowski, Andrzej W. “Interview with Karol Modzelewski, 1991.” *East European Politics and Societies* 33, no. 4 (November 1, 2019): 806–16. <https://doi.org/10.1177/0888325419874384>. 809.

²⁸⁹ *Ibid.* 811.

a residual danger that, if the going gets too tough, the unemployment too high and for too long, and the degree of Western assistance is too parsimonious, the country could slip backwards towards a strong-arm internal politics.”²⁹⁰ This sentence is illuminating. Like Mazowiecki, the two authors view the socialist period as “backwards,” and something to “slip back into.” In other words, it was a mistake, and the new liberal democracy Poland has is not only better, but natural, whereas the socialist system was unnatural.

Furthermore, they view the damaging effects of shock therapy as a threat to the liberal democracy they champion, and view as emblematic of Solidarity.²⁹¹ The two systems are not dependent on each other, which is not the way very many neoliberal reformers view democracy and capitalism. Even Mazowiecki himself, in both speeches, clearly linked the new liberal democracy and the market reforms- for him, they needed each other.²⁹² Sachs himself said in his 1992 paper reporting on the supposed successes of shock therapy that Poland based the “successful” reforms were based on “an attractive role model.”²⁹³ The attractive role model in question were Western European states that had liberal democracies, with private ownership of property.²⁹⁴

This was a dramatic shift from the rhetoric around the Gdańsk strike and throughout the martial law period and the rest of the 1980s. In 1991, Karol Modzelewski, a member of Solidarity elected to the Polish Senate, gave an interview where he gave his thoughts on the Balcerowicz Plan, and his frustrations with how the reforms had turned out. Madzelewski was

²⁹⁰ Blazyca and Rapacki, *Poland Into The 1990s, Economy and Society In Transition*. 3.

²⁹¹ Ibid. 3.

²⁹² Mazowiecki, “Into the Breach.” 32.

²⁹³ Sachs, “The Economic Transformation of Eastern Europe.” 4.

²⁹⁴ Ibid. 4.

one of the only senators or Sejm deputies to vote against the plan, and later said “that although he (Modzelewski) had spent nine years in prison for opposing the Polish People’s Republic, he would not have wasted nine minutes of his life for the Balcerowicz Plan.”²⁹⁵ Modzelewski said that by the time the Balcerowicz Plan was passed, things had changed significantly within Solidarity.

As is natural for a working people’s movement, Solidarność had always upheld the ideals of social justice and protection of the weak and the poor. In 1980 Solidarność expressed revulsion at the Communist system’s distinction between the “equal” and the “more equal.” There were demands for equalization of family benefits and for proportionally higher wage increases for the lowest paid workers. At one point bus drivers, who work very hard but are relatively well-paid, went on strike for poorly-paid nurses. Obviously, this sort of altruism cannot last forever. Nevertheless, this movement had on its own developed a certain ranking of values, which the Balcerowicz plan overturned. The fact that such a radical turnabout was possible without opposition indicates the absence of any political force which could engage in meaningful debate. This government had no opposition.²⁹⁶

Around the time Lech Wałęsa ran for President, there was a significant split in the movement, and the neoliberal intellectuals won.²⁹⁷ Wałęsa even said that “We won’t catch up with Europe if we build a strong union that will decisively oppose the reform.”²⁹⁸ Solidarity was once described as movement that was described as “obsessively democratic,”²⁹⁹ and now, in pursuit of

²⁹⁵ Tymowski, “Interview with Karol Modzelewski, 1991.” 806.

²⁹⁶ Ibid. 812.

²⁹⁷ Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland*. 38.

²⁹⁸ Ibid. 38.

²⁹⁹ Ibid. 35.

neoliberal market reforms, the intellectual leadership of Solidarity that had gotten elected to power were willing to abandon those values in favor of getting the reforms done.

Among Polish intellectuals in 1990, there was clear hope that the economic reforms would help cement the political reforms, and lead Poland into a new era of prosperity. If there were problems, they were worth dealing with in order to see the benefits of neoliberal reforms. For example, Dariusz Rosati, in his chapter on systemic reform, argued that the Solidarity led reforms were a break from the history of “relinquished reform”³⁰⁰ attempts, and that they represented a “fundamental systemic transformation of historical significance.”³⁰¹ Other essays in the book are much more focused on the individual authors’ areas of expertise. Krzysztof Kalicki, who focused on the foreign debt crisis, viewed the socialist management of foreign debt as disastrous.³⁰² He viewed the new reforms as an opportunity to not only placate foreign creditors, but to have the Polish state make its own progress in stabilizing foreign debt.³⁰³ This theme is consistent across the essays. Authors viewed the socialist government as incompetent, leaving Poland in the dire situation it faced in 1989 and 1990, and saw the reforms as a way out beyond the mess.

This narrative is important to understanding why shock therapy pushed ahead, even as reformers like Blazyca, Rapacki and Rosati began to raise alarm bells. In a confidential (at the time) memo sent to the IMF by the Polish government, assured the IMF that “the implementation

³⁰⁰ Rosati, Dariusz. “Poland: Systemic Reforms and Economic Policy in the 1980s.” In *Poland Into The 1990s, Economy and Society In Transition*, Page 20-31. New York, N.Y., United States: St Martin’s Press, 1991. 20.

³⁰¹ Ibid. 28.

³⁰² Kalicki, Krzysztof. “External Disequilibrium and Adjustment Processes.” In *Poland Into The 1990s, Economy and Society In Transition*, Page 118-134. New York, N.Y., United States: St Martin’s Press, 1991. 118.

³⁰³ Ibid. 133.

of structural and systemic change”³⁰⁴ remained as the goal of all economic policy passed by the Polish government. This policy of structural and systemic change would continue throughout the 1990s, despite all of the problems that some Polish intellectuals like Blazyca, Rapacki and Rosati were raising. However, at almost the same time as the memo to the IMF was being sent, prominent Polish intellectuals who had access to the rooms where the IMF memo was being written, were raising similar alarms to Blazyca, Rapacki and Rosati.

Stanisław Gomułka was one of the most important Polish intellectual elite and reformers. Born, raised and educated in Socialist Poland, Gomułka would go on to become a professor at the London School of Economics, and would serve as an advisor to the IMF and the Organisation for Economic Co-Operation and Development (OECD), two major neoliberal institutions. Once Solidarity ousted the Socialist government, he was invited to become an official economic advisor to the new government.³⁰⁵ Gomułka has all of the institutional connections that were so important to the neoliberal movement, he held positions and did research not only at the London School of Economics, but also at schools like Columbia, Harvard, Pennsylvania and Stanford.³⁰⁶ However, unlike Sachs, Gomułka was from Poland, and he understood the domestic conditions better than Sachs ever could. Like Sachs, Gomułka was connected with the new post-socialist political establishment; he and Balcerowicz were in frequent contact. In *Transformacja Polska, Dokumenty i Analizy 1991-1993*, (Polish

³⁰⁴ March 25, 1991. “Memorandum of the Government of Poland on Economic Reform and Medium-Term Policies, 1991-93.” In *Transformacja Polska, Dokumenty i Analizy 1991-1993*, Page 169–208. Wydawnictwo Naukowe Scholar, 2013. Page 169.

³⁰⁵ Center for Social and Economic Research. “Stanisław Gomułka.” CASE People. Accessed March 16, 2023. <http://www.case-research.eu/en/stanislaw-gomulka>.

³⁰⁶ Ibid.

Transformation, Documents and Analyses, 1991-1993) a collection of documents pertaining to Polish economic policy on both the macroeconomic and microeconomic levels, published by Gomułka in 2013, he includes twenty one policy memos he sent to Balcerowicz. This shows that Gomułka was in frequent contact with the Finance Minister, and his position beneath Balcerowicz in the power structure— he writes memos so that Balcerowicz can make the decisions.

Gomułka represents the peak of intellectual elites in positions of power- he is an adviser, but cannot make the policy decisions. His position as an intellectual is significant then, because as the IMF memo was sent, Gomułka was writing a paper to be published in the Summer 1991 edition of *Comparative Economic Studies*. The paper was not similar to Sach's analysis of the reforms, rather, Gomułka fully acknowledged that the reforms were not going according to plan. Yet, he also maintains that there are positives, and that those positives mean that Poland should continue pushing on with the reforms.

The title of the paper “The Cause of Recession Following Stabilization” is significant in that it is a Polish elite intellectual who regularly interacts with powerful members of the government, like Mazowiecki, who acknowledges that in 1991, the Polish economy was in a recession. This is a pretty important statement to make as someone who was directly involved with making the reforms- Gomułka quickly admits mistakes that the new government is making, and offers solutions to fix the problem; he is admitting that policies that he was involved with formulating were creating negative outcomes, and needed reshaping. In the first page of his

paper, he acknowledges that shock therapy is “bound to reduce activity.”³⁰⁷ This is consistent with what other reformers, like Mazowiecki, Balcerowicz and Sachs said about shock therapy. All argued that the Polish people would have to swallow a bitter pill, but that the recession would not last long, and the rewards afterwards would be well worth it.

Of course, that is not what happened. Shock therapy had a dramatic, long lasting effect on Poland’s economy, which was felt most dramatically by the workers. Over the next few years, international reformers like Jeffery Sachs and David Lipton would argue that the reforms had gotten slightly derailed, but overall, things were going well. The international organizations and foreign states whose interests they represented would help defend this narrative. But in Poland, people who were living with the reforms knew that they were failing, and were saying it. After acknowledging that a temporary decrease was always the plan, Gomułka says that nevertheless, shock therapy is turning out to be way worse than what the reformers were expecting.

“Nevertheless, this recession seems to be, in 1990-91, much deeper than what most Policy makers and the IMF experts were predicting in November and December 1989 when the details of the January 1990 package of measures were worked out.”³⁰⁸ Not only does he openly acknowledge the recession that hit Poland in 1990, but he also names the IMF as a major stakeholder in the reforms- a major point that many Polish politicians tried to avoid acknowledging.

³⁰⁷ Gomułka, Stanisław. “The Cause of Recession Following Stabilization.” *Comparative Economic Studies* 33, no. 2 (Summer 1991): Page 71-89. 71.

³⁰⁸ *Ibid.* 72.

In his August speech, Mazowiecki was careful to say that “Poles themselves have to solve Polish problems,”³⁰⁹ a clear statement that Poland was to leave the Soviet dominated Eastern Bloc- and embark on an independent path. This independent path was to be supported by other countries, Mazowiecki says that the new Polish government would try and get as much help as possible, and expected “the maximum possible support of our efforts to cure the economy.”³¹⁰ These cures that the Polish government would seek out turned into foreign domination of the economic reform process- and Gomułka played a major role in that. Acknowledging the foreign presence is a tremendous credit to the political reforms Poland underwent at the same time the economic reforms were underway, Gomułka is a prominent, well connected member of the intellectual elite with a large amount of political clout openly critiquing the government. But, most significantly for this paper, he is also a domestic intellectual and member of the political elite that offered critiques for shock therapy, as the process was ongoing.

While Gomułka never explicitly critiques foreign reformers, some Polish intellectuals like Rapacki did. In 1992 he published a paper, co-authored with American economist Susan Johnston Linz, which argued that there were specific structural challenges that foreign reformers did not understand when attempting to reform Poland’s economy. First, the command economy left most of Polish society hostile to private firms participating in the market, which “was reflected in numerous economic, fiscal and administrative restraints imposed upon private

³⁰⁹ Mazowiecki, “A Solidarity Government Takes Power.” 241.

³¹⁰ Ibid. 241.

enterprise.”³¹¹ Second, there were significant roadblocks even once Solidarity and the reformers came to power, mostly within the legislature and the actual design of the reforms.

Political constraints, legislative bottlenecks, and a strong commitment to achieving macroeconomic stabilization contributed to the 9-month delay in establishing the legal and institutional bases for privatization in Poland. Moreover, strong disagreements on the content and format of the privatization program resulted in an incoherent final version that was a compromise between diverging economic (efficiency) and social (equity) interests.³¹²

Rapacki is conciliatory— he says that economies currently privatizing will need to go through trial and error in order to get the formula right.³¹³ But, his paper recognizes that the reforms were terrible for workers, which given their role in making the reforms possible was a massive mistake and severely hampered the privatization process, and the overall economic reform process as a consequence.³¹⁴ This is major, no other Polish intellectual elite even mentions the workers in their reforms, and international reformers like Sachs and Lipton saw them as an enemy to be placated with a welfare state. Ultimately, Rapacki is pro-reform. He views the lessons learned from Polish reform as a way to help other economies making the transition from a planned economy to a market economy understand what pitfalls to avoid, and what structural changes to make,³¹⁵ and he wants Poland to learn from these mistakes to help shape a better market economy for the new state.

³¹¹ Rapacki, Ryszard, and Susan Johnston Linz. “Privatization in Transition Economies: Case Study of Poland.” In *Southern Conference on Slavic Studies*, Jacksonville, March 26-28. Leibniz Information Centre for Economics. Kiel, Hamburg. Page 9.

³¹² Rapacki and Linz, “Privatization in Transition Economies: Case Study of Poland.” 9.

³¹³ Ibid. 1.

³¹⁴ Ibid. 21.

³¹⁵ Rapacki and Linz, “Privatization in Transition Economies: Case Study of Poland.” 27.

Like Rapacki, Gomułka is ultimately not critical of the reforms. He acknowledges that there were problems that the government needed to pay attention to, but his main argument is that the reforms had brought about positive changes. These positive changes were “(1) a comfortable budget surplus, (2) an extraordinary stability of the exchange rate, (3) a high effectiveness of the monetary policy, and (4) a high speed of structural changes driven by a rapid growth of the private sector and a fast growth of exports to Western markets.”³¹⁶ While these are certainly positives, Gomułka’s status as a member of the Polish elite allows him to view these victories as real achievements. For Poles struggling with the “much faster price inflation and a much deeper recession”³¹⁷ that Gomułka calls a surprise side effect of the reforms, a comfortable budget surplus for the government was probably not much consolation. The fact that none of the reforms explicitly help address the material conditions that prompted reforms in the first place is telling of the place in Polish society Gomułka and other authors of the reforms occupied. This conciliatory approach was typical of elite reformers. They knew that shock therapy and neoliberal economic reforms had failed so far, but felt that the approach the government was taking could be fixed. There was no mention that these reforms, which were trying to replace a previously structurally weak economic system, could themselves have a rotten structure at their core.

Other Polish intellectual elites, like Jan Winiecki, who served as advisors for Solidarity, both when it was a trade union and leader in civil resistance, and then as government, wrote similar pieces. Winiecki’s article, titled “The Inevitability of a Fall in Output in the Early Stages

³¹⁶ Gomułka, “The Cause of Recession Following Stabilization.” 72.

³¹⁷ Ibid. 72.

Of Transition to the Market: Theoretical Underpinnings”, was much more apologetic of shock therapy than Gomułka’s. Winiecki argues that anybody who understands economic theory and prior data should have expected the sharp downturn in production,³¹⁸ and that “A major part of the fall in output has no impact on the welfare of the population.”³¹⁹ This is despite significant evidence to the contrary. For example, real wages in Poland dropped by 29.2% in 1990,³²⁰ and life expectancy would stagnate at 71 until the late 1990’s.³²¹ Unlike Gomułka, Winiecki does not even believe that the negative effects of shock therapy are all that negative. Winiecki’s biography is very similar to Gomułka, he taught at high profile schools, was a member of Solidarity during the 1980’s, and served as Wałęsa’s advisor once he became president.

At the end of the day, these were just academic articles. How big of an impact could these intellectual elites have? In the context of early 90’s Poland though, these intellectuals held a lot of sway. Polish politics, even after democratic reforms, were dominated by the elites. Writing in 2010, Rafael Pankowski argues that “The liberal-democratic consensus that dominated Polish politics in the 1990s led to a serious limitation of ‘issue politics’. Since all the major actors generally agreed on the market reforms and pro-Western foreign policy, their differences were played out in the symbolic field, reinforcing the oversymbolization and overculturation of political life.”³²² These elites all generally agreed in their journals and

³¹⁸ Winiecki, Jan. “The Inevitability of a Fall in Output in the Early Stages Of Transition to the Market: Theoretical Underpinnings.” *Soviet Studies* 43, no. 4 (January 1991). 1.

³¹⁹ Ibid. 1.

³²⁰ Curtis, Glen E., ed. *Poland: A Country Study*. Washington DC: GPO for the Library of Congress, 1992. <https://countrystudies.us/poland/>.

³²¹ World Bank Open Data. “World Bank Open Data: Life Expectancy at Birth.” Accessed April 28, 2023. <https://data.worldbank.org>.

³²² Pankowski, Rafal. *The Populist Radical Right in Poland: The Patriots*. London, United Kingdom: Taylor & Francis Group, 2010. <http://ebookcentral.proquest.com/lib/conncoll/detail.action?docID=484783>. Page 74.

seminars that liberal market reform was the way to go, and when they became the advisors to the people in power, shaped politics in that manner. Pankowski makes another relevant point. He says that

“A leading charge against the Polish democratic system has been its lack of responsiveness to real social problems... Since the early 1990s, consecutive election results suggested the majority of the voters favored a more ‘solidary’ economic policy over strict monetarism. Such sentiments... were routinely ignored by the political establishment when it came to policy making.”³²³

Intellectual elites, who were absolutely affecting and guiding policymakers, ignored the material conditions of the Polish workers, in favor of doubling down on the neoliberal economic policy that had been promised as the magical solution for Poland’s problems. These academics and the politicians they advised had become firmly wrapped up in the Washington Consensus. Instead, when elites were not simply ignored by foreign powers and policymakers like Balcerowicz, they acted as lukewarm contrarians, who pointed out problems, but were ultimately happy with the status quo.

The Voices of the People

While the neoliberal economic reforms failed to produce results in the early 1990s, the political reforms undertaken by Solidarity at the same time were more successful. Poles were able to voice their displeasure at the ballot box, and when voting failed to alter the course of the reforms, as each successive government following Mazowiecki continued them in some way, then Poles took to strikes and other forms of protest to voice their displeasure and try to force

³²³ Pankowski, Rafal. *The Populist Radical Right in Poland: The Patriots*. London, United Kingdom: Taylor & Francis Group, 2010. <http://ebookcentral.proquest.com/lib/conncoll/detail.action?docID=484783>. Page 74.

change. Unlike the socialist years however, these strikes were not met with violent crackdowns, and were well documented in papers like *Gazeta Wyborcza*, which had started as Solidarity's official newspaper, but by the early 90s had become fully independent. Articles in *Gazeta Wyborcza* serve as the main primary sources in this section on the voices of the Polish people.³²⁴

The misery of the people that partly caused Solidarity to pivot away from the establishment was well recorded in the newly free Polish press. In one article, a teacher describes how he came to love his profession, and then how the conditions of shock therapy made him hate it. His joy for teaching first came from seeing his student's reaction when he first described Poland as a "colony of the Soviet Union."³²⁵ That experience taught him to love teaching as an occupation where "one where you can tell the truth, which turns the hostile eyes of students into friendly and admiring ones."³²⁶ However, once Soviet power was overthrown from Poland, things did not get better for the teacher. His wife constantly berated him, asking him when he would start making real money, as teaching wages failed to match inflation, meaning that he and his wife began to slip into poverty.

As the days go on, the teacher begins to lament that he wishes it was only his wife that was berating him. When he watches television at night (Sachs might point out that the teacher might be watching TV on a color television, a good unobtainable for teachers under socialism), he is reminded that all of society says that those who are worth anything, are making money. "The atmosphere around was saturated with the idea that only those who make good money are

³²⁴ Due to my lack of Polish language skills- Google Translate was used to translate the articles. As such, my analysis is focused on the bigger picture of each article, rather than the minutiae of what each source says.

³²⁵ Trammer, George. "Nauczyciel." *wyborcza.pl*, January 24, 1992.

<https://classic.wyborcza.pl/archiwumGW/6036726/Nauczyciel>. Translated with Google Translate.

³²⁶ Ibid.

worth something.”³²⁷ He even sees a former teacher interviewed that says she makes much more money selling pantyhose than she ever could teaching, and the hosts applauds her, saying “‘Here is the dream child of our reform!’ - enthused the host of the program, not at all pointing out that teachers are also needed.”³²⁸

Eventually, the teacher had a dream where his two brothers, who have grown rich from trading on the stock market, drive past him in their Rolls-Royce and Mercedes, splashing him with water, completely ignoring him; the teacher recalls that he stood there, indifferent to the mistreatment. Then, he wakes up, and after a brief moment of calm, realizes he would rather go back to the dream. As in real life, the pressures of inflation, poverty and the questioning from his wife, asking “in an angry voice if I’m finally going to do some business today.” At least in the dream, he thinks, at least “I lay indifferent to everything.”³²⁹

Still, it would be incorrect to frame the narrative of the Polish people’s reaction to shock therapy as an absolutely negative one- like any complicated democracy, opinions were varied. As is the case with any nation, Poles were divided on whether they thought the reforms were working, and if the costs were worth it. In April 1991, the Polish people were overall optimistic about the economic reforms. “The percentage of optimists who believe the economic situation will improve exceeds the combined number of pessimists and people who do not expect any changes.”³³⁰ Those that stood to immediately benefit from the market reforms were the most

³²⁷ Trammer, George. “Nauczyciel.” wyborcza.pl, January 24, 1992.

<https://classic.wyborcza.pl/archiwumGW/6036726/Nauczyciel>.

³²⁸ Ibid. Translated with Google Translate.

³²⁹ Ibid. Translated with Google Translate.

³³⁰ wyborcza.pl. “Uboczne Skutki Planu Balcerowicza,” April 4, 1991.

<https://classic.wyborcza.pl/archiwumGW/6063690/Uboczne-skutki-planu-Balcerowicza>. Translated with Google Translate.

supportive of the government, “Private entrepreneurs, directors of state-owned companies and white-collar workers, middle-aged, better educated people with high incomes have the greatest confidence in the government.”³³¹ One question that a vast majority of respondents were unanimous on was the availability of new products, “almost all Poles notice an improvement in the supply of groceries and industrial products (94%),”³³² satisfaction with new grocery products being most significant, as the long lines and rations for food in the socialist era were a major source of frustration for many Poles.

That is not to say opinions were all positive. While middle class city dwellers were happy with the performance of the government, working class people and farmers were the least satisfied.³³³ According to the article in *Gazeta Wyborcza*, “42 percent would like to develop a new plan.”³³⁴ 58% of respondents being in favor of keeping the Balcerowicz Plan is a sizable majority.

Most telling about their frustration with the government is the majority of respondents answering that they did not expect to sacrifice so much in undertaking the reforms. An overwhelming majority said that the sacrifices were too much for the benefits they were getting in return. “Two-thirds of Poles did not expect such large sacrifices related to the implementation of the plan. The dominant opinion (55%) is that the costs are disproportionate to the benefits obtained.”³³⁵ Mazowiecki told the Polish people that they would have to sacrifice in order to bear

³³¹ “Uboczne Skutki Planu Balcerowicza.” Translated with Google Translate.

³³² “Uboczne Skutki Planu Balcerowicza.” Translated with Google Translate.

³³³ Ibid. Translated with Google Translate.

³³⁴ “Uboczne Skutki Planu Balcerowicza.” Translated with Google Translate. If there was more than one other option, such as “they did not know if they wanted a new plan”, then the 42% would most likely be the majority. If the question was a simple yes or no, then the 42% has a different connotation.

³³⁵ Ibid. Translated with Google Translate.

the eventual fruits of market reforms. However, a few years into those reforms, it seems that the Polish people were beginning to challenge that call to patriotic sacrifice.

As a result, Polish politics, now democratic in the Western liberal style following the 1989 collapse of the Socialist government, saw lots of turmoil in the early years of multi party elections- mainly because of the disastrous effects of shock therapy. Between 1989 and 1993, Poland had seven prime ministers. For all that Mazowiecki promised in his speeches, his time in office would only last until January 1991. Afterwards, Jan Bielecki would come to power, but would continue the Balcerowicz Plan. Following Bielecki, an unstable coalition government headed by Jan Olszewski would last for nine months. After Olszewski, Mazowiecki's party, the Democratic Union party, returned to power under Hanna Suchocka, Poland's first female Prime Minister. However, following her government's failure to provide adequate solutions for the recession, she was forced out of power. Then, the 1993 elections happened.

The 1993 election saw a resurgence of the parties connected to the old Socialist establishment, now renamed as the Democratic Left Alliance and the Polish Peasants Party.³³⁶ In the west, this was a shock. The New York Times published an opinion piece that admonished the Polish people for their votes, saying that “the overriding issue was economic security, which a third of Polish voters associated—almost certainly wrongly—with the old faces of the Communists³³⁷ who brought them certain employment and equally certain poverty.”³³⁸ It was simply inconceivable to Western elites that somehow, people would willingly choose to go back

³³⁶ Chan, “Poland at the Crossroads.” 123.

³³⁷ This paper refers to the pre-1989 Polish state as socialist.

³³⁸ The New York Times. “Opinion | Poland: The Failure of Success,” September 23, 1993, sec. Opinion. <https://www.nytimes.com/1993/09/23/opinion/poland-the-failure-of-success.html>.

to socialism! In their eyes, liberal capitalism was the modern future, and socialism was old, backwards, and had kept places like Poland from being a so-called modern state.

In 1995, Kenneth Ka-Lok Chan wrote an analysis of the 1993 Polish elections. His argument is the opposite of what the Western media said, that the 1993 elections were a surprise shock, and a backslide towards authoritarianism. Instead, he argues that the results of the 1993 elections were welcomed by the Polish people, who genuinely turned towards the old establishment in an attempt to recapture pre-1989 economic stability.³³⁹

In early 1994, the Polish newspaper *Rzeczpospolita* (Republic) published an article looking back at 1993. The article, titled “Optimistic End of the Year”, reported that for the first time since 1989, the Polish people had remained happy with their ruling government.³⁴⁰ “The advantage of optimism over pessimism is admittedly not large, but it has been stable over the last three months, and compared to the pre-election period, the increase in sentiment is even abrupt.”³⁴¹ The relatively good feelings towards the new government were persistent as well. “Contrary to the “honeymoon periods” of previous governments, this time public moods not only did not start to decline after the first month of the new government's rule, but, for example, in terms of assessing the current situation of the country - they even increased.”³⁴² For Western observers, this was hard to comprehend. The Polish people had just re-elected the very people that Solidarity had overthrown, how could that be seen as progress?

³³⁹ Chan, “Poland at the Crossroads.” 1.

³⁴⁰ Rzeczpospolita. “Optimistic End Of The Year,” January 4, 1994. <https://archiwum.rp.pl/artykul/14910-Optymistyczna-koncowka-roku.html>. Translated with Google Translate.

³⁴¹ Ibid. Translated with Google Translate.

³⁴² Ibid. Translated with Google Translate.

The real reason was that life for ordinary people became extraordinarily difficult during the early years of the Balcerowicz Plan. One article from 1991 in *Gazeta Wyborcza* talks about the deleterious effects the recession caused by the Balcerowicz Plan had on Polish society.

After only a few months of Balcerowicz's program, it became clear that money, which was 'difficult' for some, turned out to be completely unattainable for others. *Gazeta* began to be filled with information about collapsing cultural institutions, homeless counseling centers, disbanded singing groups, and sluggish renovations of schools. Reporters were looking for sponsors.³⁴³

These measures were part of an overall austerity program that was implemented as part of the Balcerowicz Plan. Austerity is a key part of any neoliberal reform, and often causes the most damage to the most people. This was the case in Poland, and as a result Polish workers began employing drastic strike measures in direct response. "11 textile workers are on hunger strike in Lodz," and "Nine textile workers who have been starving for three days in Lodz were joined yesterday by two more people."³⁴⁴ People do not go on hunger strikes for small reasons. Their decision to stop eating in protest of government policy was a direct response to the unemployment and loss of pensions caused by the Balcerowicz Plan. "Since Friday, 15 people have been starving at the headquarters of the Unemployed Committee in Słupsk, demanding talks with the Ministry of Labour. On Tuesday, three people reduced their fluid intake because the ministry refused to do so."³⁴⁵ And people were not protesting issues that were solely related to their immediate material concerns.

³⁴³ "Uboczne Skutki Planu Balcerowicza." Translated with Google Translate.

³⁴⁴ Ibid. Translated with Google Translate.

³⁴⁵ Kołodyńska, Anna. "Głodówka Bezrobotnych (The Hunger Strike of the Unemployed)." wyborcza.pl, March 10, 1993. <https://classic.wyborcza.pl/archiwumGW/118062/Glodowka-bezrobotnych>. Translated with Google Translate.

The key idea behind an austerity program in any country is that public spending is reduced. In Poland, austerity meant that public institutions were destroyed, and the workers that staffed them spoke out against it. Not only were Polish workers reeling from unemployment, but the crumbling public infrastructure they relied on was starting to collapse. As of 1991, Poland only had one youth sanatorium, or mental hospital,³⁴⁶ and the one they did have was staffed by workers going without pay. “The youth sanatorium, the only place in Poland where one could be treated and studied, operated only thanks to the good will of the employees. There was not enough money, after all, for salaries and other basic matters.”³⁴⁷ People employed in public industries across the country wanted to do their job- but the conditions they were working in were untenable. In September 1991, the Solidarity teachers union called for a general strike in order to protest against “austerity in education,”³⁴⁸ and to inform the public about the continuing degradation of conditions in education.³⁴⁹ These strikes, first by the teachers then by health care workers, were sponsored by Solidarity.³⁵⁰

Strikes were not just limited to the public sector. Massive strikes occurred in private firms, or companies in the process of privatizing. Miners were particularly angry about their degrading conditions under shock therapy austerity programs- they went on strike in the copper mines of Polska Miedz demanding a 100% increase in their wage, payment for each miner’s personal coal allowance to be equal to the price of coal, separate pension provisions, and to be

³⁴⁶ “Uboczne Skutki Planu Balcerowicza.” Translated with Google Translate.

³⁴⁷ Ibid. Translated with Google Translate.

³⁴⁸ wyborcza.pl. “Strajk Szkolny,” September 19, 1991. <https://classic.wyborcza.pl/archiwumGW/6062715/Strajk-szkolny>. Translate with Google Translate.

³⁴⁹ Ibid. Translated with Google Translate.

³⁵⁰ Kramer, Mark. “Polish Workers and the Post-Communist Transition, 1989–1993.” *Communist and Post-Communist Studies* 28, no. 1 (1995): 71–114. 102.

assured job security after the strike.³⁵¹ The Polska Miedz strikes, which took place in May 1991, involved 38,000 miners.³⁵² However, there was still more to come. In December of 1992, one of the largest strikes in European history erupted in Silesia, a key industrial and coal mining region for Poland.

The cause for the strikes? “The miners’ strikes were triggered by a government plan to restructure all Poland’s coal mines and to gradually lay off about 180,000 of 300,000 workers by the year 2000.”³⁵³ By December 16th, 39 out of Poland’s 71 mines were on strike, involving over 200,000 workers.³⁵⁴ By the end of the year, 65 mines had gone on strike, and the total number of workers involved reached 320,000.³⁵⁵ Anger and labor action was not limited to the miners, railway strikers were also major participants in the Silesian strikes- whose demands included wage increases and safer working conditions.³⁵⁶ Further action, sponsored by Solidarity would follow. The aforementioned teacher and healthcare worker strikes occurred shortly after the Silesian strikes, followed by a general strike in Warsaw.³⁵⁷ These would eventually be the strikes that took down Prime Minister Suchokas government, paving the way for the post-socialists to win the 1993 elections.

³⁵¹ Chabiór, Barbara, and Adam Gierak. “Miedz Stoi Jak Stala.” wyborcza.pl, May 16, 1991. <https://classic.wyborcza.pl/archiwumGW/6005966/Miedz-stoi-jak-stala>. Translated with Google Translate.

³⁵² Kramer, “Polish Workers and the Post-Communist Transition, 1989–1993.” 99.

³⁵³ UPI. “Protests in 39 Coal Mines - UPI Archives.” December 16, 1992. <https://www.upi.com/Archives/1992/12/16/Protests-in-39-coal-mines/3534724482000/>.

³⁵⁴ Ibid.

³⁵⁵ Ost, *The Defeat of Solidarity*. 77.

³⁵⁶ wyborcza.pl. “Po Kopalniach Kolej Na Kolej,” August 21, 1992. <https://classic.wyborcza.pl/archiwumGW/102169/PO-KOPALNIACH-KOLEJ-NA-KOLEJ>. Translated with Google Translate.

³⁵⁷ Ost, *The Defeat of Solidarity*. 77.

Not all of the Polish people were angry with shock therapy, and as time went on, and conditions improved, opinions on the subject shifted. Even the victory of the post-socialists is not completely indicative of a massive reaction against neoliberal free-market capitalism. The Democratic Left Alliance, which was essentially the old socialist party establishment, won 20.4% of the vote, and the Polish People's Party, a socialist farmer's party, getting 15.4%.³⁵⁸ These totals were enough for the DLA and PPP to have the biggest and second biggest share of seats in parliament respectively, and once combined, created a powerful ruling coalition. However, this does not mean the Polish electorate was united behind the DLA and PPP coalition,

A third of ballots were cast for parties that did not win any seats.³⁵⁹ And the DLA and PPP coalition only received a total of 35.8% of all votes. While it gave them a plurality in parliament, it did not give them a majority. While over a third of all votes going to the post-socialists is significant, it is not as if the whole of Polish society was behind them. Furthermore, voter turnout was about 50%,³⁶⁰ making it even harder to claim that the election represented all of Polish voices.

Either way, the 1993 elections were a significant reaction against shock therapy. The people in charge listening to that reaction and making change was a different story. Despite the post-socialists under Waldemar Pawlak holding power, shock therapy continued to be pursued. Part of this was Poland's considerable foreign debt, and reliance on the IMF and Paris Club, an informal group of Western creditor states, to help them get rid of it. Polish debt relief programs

³⁵⁸ Ost, *The Defeat of Solidarity*. 78.

³⁵⁹ Ibid. 78.

³⁶⁰ Chan, "Poland at the Crossroads." 136.

failed in 1991.³⁶¹ A new debt relief program, started in 1993, succeeded in meeting the conditions of the IMF.³⁶² However, the success of the 1993 program did not get rid of all of Poland's foreign debt. Poland and the IMF entered into another agreement in July 1994, which was also linked to a debt reduction program signed between the Polish government and the London Club, a group of private banks.³⁶³ This agreement involved more than just fiscal policy conditions- in order to get access to the \$1.9 billion, Poland had to complete the privatization process for 444 large enterprises, and “politically-sensitive change of the pension indexation rule, by linking periodic adjustments to a consumer price index rather than wage developments.”³⁶⁴ The reforms were incredibly controversial in Poland, and were defeated in 1994.³⁶⁵ However, this agreement and the reforms necessary to complete it, was negotiated under the post-socialists. Neoliberal market reforms had become entrenched in the politics of Poland, and no number of hunger strikes from the people would change that.

Conclusion

Conditions in Poland would eventually stabilize, and the Polish economy grew strong enough to be accepted into the EU in 2004, in a somewhat controversial election. Poland's economy has improved significantly- Poland's GDP per capita³⁶⁶ in 2021 was \$17,999, a 940% increase from \$1,731 GDP per capita in 1990.³⁶⁷ Poland's economy has recovered from the dire

³⁶¹ Gomułka, Stanisław. “The IMF-Supported Programs of Poland and Russia, 1990-1994: Principles, Errors and Results.” *CASE Center for Social & Economic Research*, April 1995. 14.

³⁶² Ibid. 14.

³⁶³ Ibid. 22.

³⁶⁴ Gomułka, Stanisław. “The IMF-Supported Programs of Poland and Russia, 1990-1994: Principles, Errors and Results.” *CASE Center for Social & Economic Research*, April 1995. 22.

³⁶⁵ Ibid. 22.

³⁶⁶ GDP per capita as a measure of individual's wellbeing has its limitations.

³⁶⁷ World Bank Open Data. “World Bank Open Data.” Accessed April 17, 2023. <https://data.worldbank.org>.

straits of 1990. Compared to other former-Soviet countries in Eastern Europe, Poland has a fairly similar GDP per capita, although it is doing much better than the famous Eastern European shock therapy example, Russia, which had a GDP per capita of \$12,194 as of 2021.³⁶⁸ The economy eventually survived the reforms, and Poland's neoliberal democracy survived as well, although it faces plenty of issues as of 2023.

What we do know is from 1989 through the early 1990's, the Polish people felt the sharp pain of shock therapy, and were unable to exercise much control over the direction of the reforms. Despite their protests and strikes, shock therapy marched on, with Polish politicians debating small changes to the reforms.

³⁶⁸ Ibid.

Conclusion

When I set out to write this thesis, I wanted to explore how the growing power of neoliberalism at the end of the Cold War shaped economic development and reform. This is how I arrived on Poland as a place to examine these processes. I was curious about how a movement like Solidarity could end up producing shock therapy as the outcome of the reforms they fought for.

The legacy of shock therapy in Poland is mixed. While certainly unpopular at the time, 30 years of development and policies correcting the austerity programs of the early shock therapy years have helped Poland's economy and quality of life recover significantly, and the opinions of the Polish people reflect that. The Polish people, a year and a half into the transition from socialism to capitalism, were quite unhappy, but as the years went on, those opinions have changed. A Pew Research Poll from 2019 recorded that the percent of Polish people happy with their life was at 56% in 2019, up from 12% in 1991.³⁶⁹ This is the highest in Eastern Europe, and higher than some Western European countries like Italy and Spain.

Approval of the systemic reforms Solidarity fought for and started was at an all time high as of 2019. 85% of Poles approve of the multiparty democracy the country has, and the same percentage approve of the market economy.³⁷⁰ Likewise, 74% Poles said that their economic situation in 2019 was better than under the socialists, a remarkable difference from places like Russia, Ukraine and Belarus, where over 50% of respondents from each country said that the

³⁶⁹ Mitchell, Travis. "European Public Opinion Three Decades After the Fall of Communism." *Pew Research Center's Global Attitudes Project*, October 15, 2019. <https://www.pewresearch.org/global/2019/10/15/european-public-opinion-three-decades-after-the-fall-of-communism/>.

³⁷⁰ Ibid.

economic situation was better when the socialists were in charge.³⁷¹ That does not mean that the economy is not a source of anxiety for Poles, a survey conducted in 2017 found that poverty and inequality, and unemployment were the second and third highest response, respectively, to a question asking Poles what they thought the biggest issue facing Poland was.³⁷²

Still, the majority of the respondents to the Pew poll say that the average person's life is better under capitalism than socialism. This opinion is divided along class lines- 63% of lower income respondents said life is better under capitalism, while 74% of higher income respondents had the same answer.³⁷³ Either way, both are significant majorities, and much higher than any other post-Soviet bloc state. In Bulgaria, Ukraine and Russia, only 15% of low income respondents said that life was better in 2019 compared to under socialism, and every other country had under 50% for low income respondents that thought life was better under capitalism.³⁷⁴

It is undeniable that today, public opinion is in favor of capitalism in Poland. The reasons for that are beyond the scope of this thesis, and have been well studied. Still, that should not mean that the conditions and unhappiness of the shock therapy years should be ignored. Powerful members of the neoliberal international community and Washington Consensus shaped the economic reform process in Poland. The reforms were started by the Polish people, looking for better material conditions than what state socialism offered them, those reforms ended up being placed within a constricting box by the IMF and other international neoliberal actors that

³⁷¹ Mitchell, "European Public Opinion Three Decades After the Fall of Communism."

³⁷² Center for Insights in Survey Research. "Public Opinion in Poland, March 8-14, 2017," 2017.

³⁷³ Mitchell, "European Public Opinion Three Decades After the Fall of Communism."

³⁷⁴ Ibid.

prevented them that prevented the reforms from going down any path besides immediately transitioning to neoliberal free-market capitalism.

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