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POLAND  
AND THE  
FOUR FREEDOMS

II.  
Economic Conditions



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## II.—ECONOMIC CONDITIONS

We begin the present survey of the economic situation in Poland by listing a few observations on the living conditions of the working population. In doing so we hope to bring out the more general features of that situation, while later we propose to deal in greater detail with more specific spheres of economic activity such as agriculture, industry, etc.

### GENERAL LIVING CONDITIONS.

The fate of the labour world in Poland lies in the hands of the Communist bureaucracy. It can decide arbitrarily whether a given working group has or has not economic and social utility. The principle that everyone is entitled to protection from hunger and want has been replaced by the test of social and economic utility. Only recently (*The People's Voice*, 27th November, 1945) the Warsaw Cabinet, in reviewing the question of food-supplies, discussed anew the problem of priorities in the distribution of food to the various groups and classes. The priorities system which was finally adopted runs counter to all accepted humanitarian principles. First come the army, the citizens' militia and members of the security organisation (Secret Police). To the next class belong railway workers, workers employed in the reconstruction of ports and some sections of industrial workers selected jointly by the Ministry of Supplies and the Ministry of Industry. Under the third category come all employees of the central administration as well as local government officials and also other groups of employees, again subject to joint selection by the Ministry of Supplies and the Ministry of Industry. Lastly we have the rest of the labour world, the great mass of ordinary workers. It should be emphasised that the priorities in question apply to so-called special allocations. They are open only to those who possess ration cards which, by themselves, entitle the holder to a most inadequate diet.

To sum up we may say :—

1. A substantial section of the population has to do without ration cards ;
2. Even within the framework of the rationing system there exist great quantitative differences in the various group allocations ; ration cards of the third category entitle one only to an insignificant quantity of food-stuffs ;
3. The rationing system does not function smoothly : even the small quantities of food, to which a ration card theoretically entitles one, cannot always be obtained ;
4. Privileges in the distribution of food supplies are carried even further by the fact that only some groups of workers who are holders of ration cards, receive special allocations which vary in value according to the status of the workers concerned. (The police is in practice the most privileged group.)

The sovietisation of Polish life is carried out in an underhand manner by a consistent policy of accomplished facts. It finds no reflection in the published government decrees. Any such acknowledgment is conscientiously avoided. In theory there is, for instance, no law forbidding the formation of non-state-run trades unions. But those trades unions which are controlled by Communists are, in practice,



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given special favours and privileges. Thus the tired and hungry worker, who has to reckon with the always-present possibility of loss of employment and of the meagre diet which this entails, naturally enlists in the trade union run by the Communists. He has then at least a better chance of success in combating hunger. He not only enlists, but does not even oppose the self-assumed Communist leadership. Many instances could be given showing that where the workers of some factory happened to elect representatives of whom the Communist directorate disapproved, the factory was deprived of its food supplies and thus forced into submission. The workers were simply asked to choose: either you elect the candidate we want, they were told, or else you will have to starve. Nor the executive authorities of the trades unions are ever elected by popular vote. On the contrary, the directorate of the Central Commission of Trades Unions ensures the selection of suitable officers in individual trade unions, while the latter see to it that the local officers also conform to the general pattern. The controlling positions inside the trades unions movement were seized by Communist elements during the first months of Soviet occupation. They are now able—through arbitrarily selected subordinate authorities—to terrorize the labour world, to make it acquiesce in political declarations entirely inconsistent with the real convictions of the Polish worker, etc. The elections to the so-called factory councils invariably take place under pressure from the officials and the directorate of the trades unions. The wishes of the workers are not taken into account.

The social insurance system which before the war was comparatively satisfactory to-day operates only in theory. The masses of the unemployed are, in practice, left to their own fate and condemned to starvation. Even the directorate of the trades unions which is, as a rule, full of praise for the Warsaw government makes no attempt to conceal the fact that the system of social insurance is completely disorganised. The names of the workers employed often do not figure on social insurance lists, and thus when they lose their jobs they are not entitled to pensions, allowances and other benefits.

All the news that comes from Poland bears out the fact that unemployment has assumed vast proportions. Even if unemployment statistics were available, one would have to view them with caution. The majority of the unemployed are probably not registered, while the statistics of registered unemployment are certainly inaccurate. Even ignoring the news bearing directly on the vastness of unemployment in Poland, it is easy to deduce from employment data how enormous unemployment must, in fact, be. Here is a selection of available data:—

Industry	Workers employed (in 1000's)		Proportion %
	Before the war	Now	
Chemical ... ..	48.0	11.6	24.1
Metallurgie and electrical ...	179.0	25.3	14.1
Paper ... ..	16.5	6.0	36.3
Mineral ... ..	67.9	14.7	21.6

In discussing the situation of workers in Poland one should not forget to mention the appalling housing conditions. In larger towns

like Warsaw, Poznan, Lodz, Krakow and Katowice, there are on the average four persons to a room. They are the towns in and around, which industry centres, so that the people cannot leave them unless they are prepared to abandon their only source of livelihood. Besides in villages and in smaller towns the conditions are very similar.

The houses now used badly need repair as a result of the lack of upkeep facilities during the war and damage sustained in the course of military operations. More often than not, a house that is now inhabited has damaged walls, windows, doors, etc.—even the roof is not always whole—in a word, the protection against cold and dampness is totally inadequate. It must also be remembered that cold and dampness are much harder to bear when one is underclothed and undernourished. The Warsaw authorities pay little attention to providing the ordinary household with fuel. There is enough coal for export to Russia, but not enough to supply the ordinary citizen. Coal is not rationed, and coal prices are not controlled. People have to purchase coal on the free market where in the summer months of last year one ton cost some 5,000 zlotys while now the price has risen to some 10,000 zlotys. By comparison with pre-war, the present price of coal is 250 times higher. Bearing in mind the low income of the average worker, it is obvious that with the present coal prices a large section of the population of Poland must suffer bitterly from cold.

Hunger, lack of clothes, dampness and cold prepare the ground for the spread of diseases which it is, and will be, difficult to combat so long as living conditions do not improve. Besides, the lack of medical supplies, the shortage of doctors, nurses, hospitals, etc., are also gravely affecting the health of the nation. In addition, continual migrations and the presence of large numbers of Russian troops are powerful factors in spreading diseases. The death-rate has substantially risen. It is to be feared that it will rise still further in the coming spring as a result of winter exhaustion and intensified famine.

These conclusions referring particularly to the situation of the workers in Poland can be generalised. The position of the remainder of the town population—with the exception of speculators tolerated by the Warsaw authorities and a small class which forms the basis of the present regime—is not dissimilar.

To conclude this survey of the general living conditions in Poland, here is an apt quotation from an article in the Warsaw paper *The People's Daily*:—

“Through the welter of oft-repeated promises, that in Poland every honest person has a right to live, over the dazzling spectacle of richly decorated shop-windows, midst the lively, glittering humour, midst the unceasing bustle of the streets, time and again a faintly audible voice of complaint can be heard, begging in the words of the prayer: ‘Give us to-day our daily bread.’ . . . The post-war Poland began by introducing a drastic discrimination against all those who did not work, thus carrying out a purely mechanical selection of citizens. To-day the problem should be settled in a way which would conform to the dictates of a Christian conscience and the precepts of social justice. The system of allocating food, clothes and ration cards only to those who are able to work is totally unfair.

“That method could be tolerated only if the State could guarantee adequate help and protection to all those who do not work, not because they are unwilling to work, but because they are in some way incapaci-

tated. Under present conditions the system of privileges leads to a wholly artificial division of society into an elite and an underworld of social outcasts, a division blatantly inconsistent with the principles of Christianity and democracy."

#### AGRICULTURE AND LAND REFORM.

One can distinguish two separate phases in the land reform which has recently been effected in Poland.

In the first period, which began in the autumn of 1944, the territories affected were those occupied by the Red Army in the course of its summer offensive of that year. The reform was carried out in great haste, under the direction of special Commissars recruited from the ranks of the PPR (the Polish Communist Party) and wholly ignorant of agricultural questions. In the actual parcellation, militia units and units of the Red Army under their own officers were employed. The attitude of the peasants was often hostile towards those carrying out the reform. Recourse was then taken to terrorism: the expropriation of land-owners was entrusted in such cases to specially organised bands, composed for the most part of social outcasts, though led by Communists.

The Commissars for land reform were given virtually dictatorial powers. They had the right to arrest the owners of agricultural estates, and they consistently made use of that power whenever they could lay hands on the unfortunate individual. These arbitrary arrests of land proprietors often resulted in clashes, at times even armed clashes, between the Commissars and the local peasants. The removal of the expropriated land-owner was, however, considered to be essential to the land reform itself.

The expropriation was not limited to the land itself, but often extended to the personal belongings (furniture, clothes, etc.) of the individual concerned. It amounted to no less than lawlessness organised from above, though the decree legalising land reform made provision for expropriation only in the case of land itself and such property as is essential for its cultivation.

In many instances estates of less than 50 hectares were parcelled, though that was not provided for under the decree. After the re-introduction of law-courts, judges often pronounced for the return of those estates to their expropriated owners. It is interesting to note that the administration always refused to put into effect those decisions and that the Vice-Minister for Justice, M. Chajn, publicly denounced the courts for their verdicts.

The expropriated land-owners were given no compensation. Legally speaking, they were entitled to a small holding in some other part of the country. It was only in a very few cases that these holdings were actually allocated to them.

In the course of the second period the reform was extended to the remaining parts of the country, the methods used being largely the same. Expropriation bands, Commissars, all recruited from the scum and rabble, were again employed. The services of land-surveyors were dispensed with. The land was divided up arbitrarily. There naturally resulted endless technical anomalies which at times led to quarrels between the newly-endowed peasants. Often the land had to be divided up once again on a more rational basis. The attitude of the peasants to the land reform was, as in the first period, hostile.

They took the land because they were forced to take it or because they were told that otherwise it would pass into the hands of peasants from other parts of the country. The second phase of the agrarian reform was completed by August, 1945. It was then that the newly-endowed peasants received certificates of ownership. Nothing has, of course, been done about compensating the expropriated land-owners.

In central and southern Poland all larger estates were parcelled out. In the Poznan province and in Pomerania the reform was initially carried out in some 70 per cent. to 80 per cent. of the agricultural land which was to be divided up. Since individual peasant farms are, in those parts, comparatively large, the farm owners were not entitled to any land made available as a result of the reform. The transfer of peasants from other districts is rendered exceedingly difficult because of the complete lack of live stock and agricultural equipment. Most of the live stock and agricultural implements were taken away by the Russian Army. A similar situation obtains in the former German territories: the total lack of agricultural implements and farm buildings makes colonisation difficult. On the other hand, significantly enough, large stretches of land have been put under the administration of the Red Army. At the end of 1945 Russian military sovkhozes covered some 120,000 hectares of farm-land.

It should be noted that the people who received land made available as a result of the splitting up of larger estates, but who did not belong to the local peasantry, found themselves in a position where the undertaking of the cultivation of the land was wholly impossible; they had no implements, no live stock, no money for their most immediate necessities, nowhere to live in; the land was often fallow. They tried to remedy the situation by organising themselves into larger units, pooling their resources together. These organisations were, however, based on a mutual agreement that the system of individual small-scale farming should be fully maintained. They were in no way modelled on the kolkhoz system and were solely designed to make the best of the abominable conditions which resulted from the land reform. They were and are actively combated by the Warsaw authorities who are obviously anxious to denigrate small-scale individual farming and to have it superseded by collectivisation on the Soviet pattern.

It is also worth noting that when the Warsaw authorities took over the administration of Poland, they expressly forbade the new settlers on the parcelled land to start building on their own private initiative. The prohibition was withdrawn when it became clear that no building could be undertaken anyhow because of the shortage of building materials. But the purpose of the original ban is obvious: it was made to prevent the consolidation of the small-farm system, for any such consolidation would stand in the way of the future collectivisation.

The land reform brought with it a state of complete chaos and large scale migrations of peasants, on top of all the over nomadic movements, so typical of Poland to-day. Many of the peasants who had land allocated to them, unable to cultivate it, soon discovered that it was impossible to make a livelihood from it: so they have often been known to leave their land and roam aimlessly about the country. In some parts of the country more than 50 per cent. of the settlers abandon the land which has been allocated to them.

In the days of the German occupation agricultural production remained on a fairly high level throughout. The Russians, however, wantonly destroyed most small farming estates which were not big enough to be affected by the land reform. The large estates received no better treatment, and were anyhow split as a result of the reform. The post-reform system of agriculture, as should be obvious from our earlier observations, is far from being a productive system. No wonder therefore, that the agricultural output in Poland has substantially fallen and continues to decline. In fact, Poland is faced with the prospect of famine.

#### INDUSTRY.

The most striking feature of the industrial situation in Poland is the direct or indirect subordination of industry to the State authorities. Establishments which employ more than 50 workers were nationalised or allowed to operate under strict government supervision. The former owners of the nationalised plants, provided that they are Poles or members of an allied nation, are to receive compensation, though the amount is to be fixed later. It seems likely that in this case as in the case of land expropriation, the promised compensation will, in fact, never be paid.

It is equally improbable that some of the nationalised plants will be handed over to local authorities or to co-operative societies, though such a transfer is contemplated in the decrees relating to the future organisation of industry. This promise of transfer was made to allay the general distrust of the central bureaucracy and the ensuing necessity to preserve the pretence of direct social control over state industries. It should be viewed as a measure of appeasement of the working masses whose lot became much harder the moment the Warsaw administration took over all establishments employing more than 50 workers.

The decree dealing with nationalisation has in no way altered the actual situation which has remained unchanged ever since the first days of Soviet occupation. It merely legalises a long series of accomplished facts, though "legalises" is perhaps a wrong term since the people have not been consulted on the subject. The National Council has not even thought fit to wait for the long promised elections before passing the decree.

Unfortunately we have no way of knowing the total number of workers who were employed in industrial establishments numbering more than 50 employees. Nor can we say what percentage of the total industrial output was accounted for by establishments employing more than 50 workers. It is evident that their share in the total employment and the total output was much larger than would appear from their number.

In the table below we give in percentages the proportion between the number of units in a given industry which employed more than 50 workers and the total number of units in that industry. The figures relate to pre-war conditions:--

Industry	%
Coal mines and iron and zinc foundries...	100
Manufacturing Industries (total) ...	12
of which:--	
Pottery ... ..	24
Metal manufacturing ... ..	20

Electrical appliances ... ..	26
Chemical ... ..	16
Textile ... ..	22
Paper ... ..	25
Wood ... ..	12
Food products ... ..	3
Clothing ... ..	4
Building ... ..	33

It should be noted that the nationalisation decree empowers the administration to nationalise not only industrial plants employing more than 50 workers, but also smaller plants, should that be considered expedient for national and economic reasons. Thus no private entrepreneur can have any certainty that his factory or establishment may not also be nationalised. The threat of potential nationalisation is used as an instrument in making private industrialists subservient to the central administration. The so-called private industries are moreover controlled by the allocation of raw materials and fuel which depend entirely on the central authorities since they are the sole dealers in those goods.

We shall not examine the structure of industry in detail. Suffice it to say that the nationalised industry is directly dependent on the central administration, while the so-called private industries are controlled by way of industrial boards which are directed by representatives of the government. The characteristic feature is, therefore, the ever-tightening link between State and industry.

As regards industrial production the following are the figures published by the Warsaw authorities and relating to the September, 1945, output of the enumerated industries as expressed in percentages of their pre-war outputs:--

Coal output ... ..	50 per cent. of pre-war output.
Iron ,, ... ..	36 ,, ,, ,, ,, ,,
Textile ,, ... ..	30 ,, ,, ,, ,, ,,

#### THE BANKS AND THE FINANCIAL SYSTEM.

All Polish banks have now been nationalised. Some of them bear names which would suggest that they are controlled by local authorities or co-operative societies. In actual fact, however, the whole banking system has no financial facilities at its disposal other than those provided by the State (which continually recurs to the printing press). It has no funds other than government funds, while savings simply do not exist.

The Warsaw administration has introduced the following division of functions between the various banks:--

1. The Bank of National Economy is charged with providing the credits to (a) national industrial concerns with the exception of nationally controlled agricultural undertakings; as well as credits for (b) the reconstruction, expansion and replanning of towns.

2. The National Agricultural Bank apart from being charged with special duties in connection with the land reform is entrusted with providing funds for: (a) the reconstruction, expansion and replanning of rural centres; (b) the upkeep of national and communal agriculture; (c) the upkeep of larger farms; (d) the upkeep of special agricultural research stations. Moreover, the Bank undertakes when instructed

by the Ministry of Finance and the Ministry of Agriculture, special credit activities for agricultural purposes.

3. The Communal Bank which, before it was reorganised, consisted of the Polish Communal Bank and the Communal Credit Bank in Poznan, operates within a sphere assigned to it by the Ministry of Finance in consultation with the Ministry of Public Administration. It finances local government authorities, their industrial undertakings as well as local savings banks. The Communal Bank also administers the Loan-Assistance Fund apart from undertaking special credit activities at the request of the Government.

4. The Bank "Spolem" finances all municipal co-operatives with the exception of housing co-operatives, which fall under the competence of the Bank of National Economy. This Bank also provides the money necessary for the exchange of goods between town and country.

5. The Central Bank of Agricultural Associations is charged with financing agricultural co-operative societies.

6. The Commercial Bank in Warsaw puts credits at the disposal of the larger and medium-sized private-owned industries as well as those private industries which are temporarily under national control.

7. The Bank of the Association of Commercial and Industrial Associations provides credits for the medium-sized and small private industries as well as finances the artisan trades.

8. The Savings Bank supplies credits to house owners in the towns and building credits. It is also in charge of the administration of the special funds controlled by other financial institutions.

9. Credit Co-operatives provide their members with funds for transactions and undertakings other than direct consumption. They also act as local branches for the larger central banking institutions.

In the words of the Warsaw Minister of Finance, Mr. Dombrowski, "there is in Poland to-day no sphere of social or national life which is not partly or wholly financed by the Ministry of Finance, whether by budgetary or credit methods."

The reality which lies behind the statements of the Warsaw Minister of Finance, the reality behind the facade of the newly-reorganised banking system, is as simple as it is tragic. The vast credit facilities are none other than new issues of paper money. Savings in the strict sense of the word do not exist. Bank deposits have to be continually supplemented by fresh paper issues because of the unceasing rise in prices. Poland is in the throes of terrible inflation. The quantity of money in circulation and its velocity increase, while the output of goods on the market diminishes. The producer has no adequate financial means to keep his establishment running, not to mention his complete inability to make essential new investments. The credit facilities which the government is ready to offer him are of little use since capital goods are as a rule unobtainable and when they appear on the market their prices are exorbitant. Thus, for instance, in the field of agriculture the Warsaw administration was said to have given substantial assistance to it by earmarking 20,000,000 zlotys for the purchase of cattle. But, since a cow costs at present 20,000 zlotys, the credit provided by the government makes possible the purchase of not more than 1,000 cows.

#### THE CO-OPERATIVE MOVEMENT.

The Co-operative movement as it exists now in Poland is a typical example of how the Warsaw administration is able to ruin institutions based on the soundest principles and turn them from instruments aiming at the welfare of the common people into centres of corruption and privilege for the chosen few.

The aim of the consumers' Co-operative societies before the war was to bring adequate supplies of consumption goods at moderate prices to the broadest masses of the people, especially those belonging to the lower income groups. At present the consumers' Co-operative "Spolem" which has practically monopolised the whole Co-operative movement is one of the factors which make for higher consumption prices and an uneven and inadequate distribution of the scarce supplies. Since, however, the principal officers of that organisation support the present Warsaw regime, certain blatantly unfair privileges have been bestowed upon this Co-operative. It is, however, not the consumer who benefits, but merely the Co-operative officials.

As regards agricultural Co-operatives of all kinds they are systematically combated by the administration with the exception of the so-called "Peasants' Assistance," whose work consists in preparing the ground for the future collectivisation or rather sovietisation of Polish agriculture. Besides, these Co-operatives, though on the whole ably organised and efficiently run, have met with certain exceptional difficulties: (a) a large quantity of agricultural produce which was in their possession was requisitioned by the Red Army without any payments being made: the losses thus incurred run into many millions of zlotys; (b) the Red Army stands in arrears with regard to payments for products supplied to it by agricultural Co-operatives. Here also many millions of zlotys are involved.

Generally speaking the majority of the existing Co-operatives are at present undergoing a crisis which has resulted from their insecure financial position as well as the general economic situation in Poland. Apart from the consumers' Co-operative "Spolem," the only exceptions are those Co-operatives which have either been able to obtain a retail monopoly or to take over some property abandoned by the Germans. To that privileged group belong the following Co-operatives: (a) Publishing Co-operatives which possess a virtual monopoly in the publishing trade both as regards the Press and, for instance, school text-books; (b) housing and building Co-operatives which have taken over all the houses built during the war by similar organisations or by German building societies.

#### TRANSPORT AND COMMUNICATIONS.

The present communication system in Poland is in a state of complete chaos and disorganisation. This is due broadly speaking to two principal causes:—

(a) The devastation brought about in the course of military operations; and

(b) The organised looting and requisitioning of transport equipment by the Soviet authorities.

It is enough to glance at the relevant statistics in order to realise how appalling transport loads in Poland must necessarily be.

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After the annexation by Russia of Eastern Poland and inclusion into Poland of certain German territories the total length of Polish railway lines is 23,587 km., as compared with 20,105 before the war.

As regards equipment and rolling stock, however, Polish railways have suffered great losses. Before the war there were 5,293 normal gauge and 290 narrow gauge engines in addition to which there were 135 privately owned engines or engines belonging to local government authorities. At the time of the entry into Poland of the Red Army there still were some 4,000 engines. The number has since fallen to 3,150, *i.e.* 53 per cent. of the pre-war total and only about 1,638 are in good working order. The statistics published by the Warsaw authorities are higher but their accuracy is doubtful in view of the fact that everyone returning from Poland stresses the appalling transport difficulties.

The position is similar as regards passenger and transport carriages whose number has fallen from 12,000 before the war to 7,771 and 154,000 to 110,939 respectively.

It must further be borne in mind that these very inadequate and scarce transport facilities have to serve not only Polish economic needs, but are also used by the Soviet authorities to supply their own occupation armies—a fact which further aggravates the situation.

The conversion of several large arteries by the Soviet authorities into broad-gauge lines has added to the general confusion in the transport system.

Another characteristic of the present conditions in Poland is the complete lack of safety and security when travelling. Trains are frequently attacked and looted by gangs of civilians as well as Red Army units. Though goods trains are as a rule heavily guarded they rarely reach their destination with the full contingent of the goods carried.

Road transport has to face equal risks and dangers. Instances of cars or lorries stopped on the road and looted either by gangs of civilians or Red Army soldiers are innumerable.

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