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# How Poland's Road To Socialism Was Blocked

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**Polish economists like Oskar Lange and Michał Kalecki produced highly creative models of how a socialist system could work, balancing equality and efficiency. But Poland's Communist government neglected their ideas, sowing the seeds of its eventual demise.**

The fortieth anniversary of the emergence of the Solidarność trade-union movement in Poland is an occasion to celebrate workers' self-organization and the dignity of labor, in the face of repression by a Communist government that had lost touch with its ideals.

However, it would be superficial and dishonest to do so without pausing to reflect on the nationalist and right-wing political legacy of Solidarność, as manifested in the two Polish administrations that have claimed descent from the movement: the government of Akcja Wyborcza Solidarność (Solidarity Electoral Action) of 1997–2001, and its successor party, Prawo i Sprawiedliwość (Law and Justice), which ruled Poland from 2005 to 2007, and again from 2015 to the present.

This political heritage confounds any naive view that would imbue Polish workers and their movement with "natural" socialist virtues. For conservatives, that legacy reflects the maturity of Polish workers; for liberals, it reflects their immaturity (despite having been somehow "mature" in 1980). Among socialists, the legacy itself is an embarrassment only to those who have not understood the history of socialism, and the contribution of Polish socialism to that history.

## The National Peculiarity of Polish Socialism

The idea of Polish socialism was born in the second half of the nineteenth century. As the part of Poland that lay under Russian occupation industrialized, workers flooded from the overpopulated countryside into the industrial centers of Łódź, Warsaw, and Białystok.

Those centers were conveniently located on railway lines that stretched from the German North Sea ports, where their raw cotton was unloaded, and Silesia, where their coal was mined, all the way to the Russian cities of St Petersburg, Moscow, and beyond that constituted the main market for Polish industry.

In the wake of the Russian-sponsored Congress of Vienna of 1815, which reinstated the European order overthrown by the French Revolution, Marx had declared that socialism would not be possible in Europe without an independent Poland to keep Russian autocracy out.

But Polish nationalism inevitably harked back to the glory days of the Polish kingdom, a time of feudal estates. Serfdom was only abolished in the nineteenth century by the Prussian, Russian, and Austrian empires in an attempt to weaken the social and economic grip of those estates.

The Polish socialist movement was divided over the question of national self-determination. Before

the First World War, the Revolutionary Fraction (Frakcja Rewolucyjna) of the Polish Socialist Party (PPS), led by [Józef Piłsudski](#) (1867–1935), urged the creation of a progressive democratic Poland in which workers' rights and remuneration would be extended. Its rival, the PPS-Lewica (Left Fraction) called for working-class unity to overthrow Tsarism throughout the Russian Empire.

The most famous Polish internationalist, Rosa Luxemburg (1871–1919), founded the explicitly Marxist Social Democracy of the Kingdom of Poland and Lithuania (Socjaldemokracja Królestwa Polskiego i Litwy, SDKPiL). Luxemburg saw no point in exchanging the rule of the Russian Tsars for that of a Polish bourgeoisie. She rejected the slogan of national self-determination as a diversion from the real struggle for socialism.

### **Toward Independence**

The industrial city of Łódź exemplified the problem. It was the largest industrial city in the Russian empire and the cradle of the 1905 Revolution, described by Lenin as the dress rehearsal for the October Revolution. The largest working-class organization in Łódź was not one of the Polish Socialist Party factions, nor the SDKPiL, but the Jewish socialist trade union, the Bund.

When the Tsarist authorities conceded elections to a Russian parliament, the Duma, in 1910, the socialist political organizations backed the candidate of the Bund. His election evoked a boycott of Jewish shops by the nationalist party [National Democracy](#), which had support among workers and disaffected petty bourgeois layers.

In the end, an independent Poland emerged after the First World War, when the three empires that had dominated central Europe fell apart. As the Marxist historian Isaac Deutscher [later observed](#):

Contrary to Rosa Luxemburg's expectations, Poland had regained her independence; but contrary to the expectations of her opponents, Poland had received it mainly from the hands of the Russian and German revolutions.

The new republic succumbed to economic instability, political failure, and nationalist excess, until Piłsudski led a military coup in 1926, reducing Polish socialism and hopes of national self-determination to the level of yet another central European dictatorship that abused democrats and minorities.

Rosa Luxemburg's followers in the Polish Communist Party (KPP) lost working-class support because of their party's perceived complicity in the Red Army invasion of Poland in 1920, and its ill-judged support for Piłsudski's coup. Stalin, whose hatred of Luxemburg matched his hatred of Leon Trotsky, had the KPP disbanded in 1938 and its exiled leadership executed by the Soviet secret police.

### **Oskar Lange and the Austrian School**

Socialism nevertheless retained the support of many in interwar Poland, through the Bund and other trade unions, and in intellectual circles. Among students and intellectuals, a Union of Independent Socialist Youth (Związek Niezależnej Młodzieży Socjalistycznej) had been established in 1917. Two economists who were to win international renown were associated with it: Michał Kalecki (1899–1970) and Oskar Lange (1904–1965).

Lange had an orthodox academic career, obtaining his doctorate in economics at the ancient University of Kraków, but his politics prevented him from making progress in that career. Although the PPS expelled Lange twice for his Marxism, he was too critical of Stalinism to join the Polish Communists. In 1934, he left Poland on a Rockefeller Memorial Fellowship, to go first to Britain, and then the United States.

Lange threw himself into the political debates among economists. He is today best known for taking up the challenge of Ludwig von Mises (1881–1973) over the rational use of resources under socialism. In 1920, in an article entitled “Economic Calculation in the Socialist Commonwealth,” Mises had argued that any attempt to replace capitalism with state intervention was doomed to failure. This was because capitalism has the unique advantage of having markets in which prices can serve to guide production, resulting in the rational use of resources to meet the demand for commodities with the greatest use-values.

In a market economy, the price of any resource, such as labor or mineral and agricultural products, is determined by the scarcity of that resource. Entrepreneurial capitalists will use those resources to make the largest possible profit, by making the products in greatest demand by consumers. In this way, according to Mises, capitalism satisfies demand in the most efficient way possible, because there are markets that fix prices according to scarcity and demand.

Governments cannot organize production and distribution in a sufficiently detailed way, and the prices that they set cannot be flexible enough to make supply equal to demand in all markets. In the view of Mises, socialism, or any other kind of government intervention, is bound to result in chaos and inefficiency. The view that only capitalist markets could be efficient became an article of faith among the followers of Mises, known as “Austrian” economists.

### **Socialism and the Price System**

The arguments of Mises struck a chord among business circles fearful of government interference — a chord that continues to resonate today. In a pair of articles published in 1936 and 1937, Oskar Lange hailed Mises’s contribution as demonstrating the need for the rational use of resources under socialism.

However, Lange argued that it is not necessary to retain a capitalist system in order to have prices that allocate resources efficiently. All that is necessary is for the socialist central planner to announce a set of prices, and then observe stock levels of finished and unfinished goods in the economy.

Where stocks of unsold goods are rising, the planner only needs to reduce prices in order to stimulate demand and discourage production. Where goods are disappearing from markets, on the other hand, prices should be raised to discourage demand and encourage production.

In this way, by a process of trial and error — similar indeed to the one that capitalist businesses use in setting prices and production — socialist planners can mimic capitalist markets to converge on a set of prices that will ensure efficient production and distribution.

Lange’s solution was ingenious. But it also contained an implicit criticism of the Stalinist planning model, in which planners sought the fulfillment of politically-determined production targets, rather than the efficient use of resources. Nevertheless, when Germany invaded the Soviet Union in 1941, Lange, by then associate professor at the University of Chicago, campaigned for Western collaboration with the Soviet Union to defeat Hitler.

### **A Polish Experiment**

After the War, as relations between the United States and Russia froze over, he returned to Poland to embrace the new Communist order. Lange’s reputation in the United States did not recover from a servile review that he published in 1952 of Joseph Stalin’s *Economic Problems of Socialism in the USSR*, in which Stalin criticized his economic planners for “voluntarism” and neglect of objective constraints on production.

To give Lange his due, he wanted to underline Stalin's recognition that there were certain objective economic laws that still held true under socialism, after the break with capitalism. Among these was the requirement for efficient use of labor and natural resources that, in Lange's view, could only be secured through prices that reflected the relative scarcity of these resources. In deference to the Marxist — rather than Austrian — inspiration behind this idea, it came to be known as the application of the "Law of Value" in socialist production and distribution.

After Nikita Khrushchev's denunciation of Stalin at the Twentieth Congress of the Soviet Communist Party of the Soviet Union in 1956, Lange emerged to lead attempts at reform of economic planning in Poland.

Market socialism became linked to a renewed movement for workers' councils in factories, inspired not only by the apparent limits to political democracy in the Communist states, but also by the spread of workers self-management in Yugoslavia. That too had a certain nationalist appeal, since the Yugoslav leader Josip Tito had faced down Stalin in 1948.

The new Polish Communist leader [Władysław Gomułka](#), recently emerged from prison, was to do the same with Khrushchev in 1956 (although Poland, unlike Yugoslavia, still remained part of the Warsaw Pact and Council for Mutual Economic Assistance or COMECON). By then, Lange had acquired a new colleague, [Włodzimierz Brus](#) (1921-2007), who developed the theory of market socialism, in which efficiency and equality of demand with supply would be obtained by using prices in markets.

### **Kalecki and Socialist Investment**

In the debates over market socialism, Brus and Lange faced opposition from the other important Polish economist with an international reputation, Michał Kalecki. Kalecki saw investment, rather than prices, as the regulator of economic activity and employment. This meant that the blunders of the Stalinist industrialization strategy were due to excessive investment, rather than a failure to mimic capitalist market processes.

For Kalecki, it would be far better for socialism to fulfill a modest investment plan, devoting resources to keeping workers and their families adequately fed, clothed, and housed, than to waste scarce resources on overambitious projects of socialist construction, promising a better tomorrow in place of decent living today.

He was especially wary of making socialist enterprises more orientated towards profits, since the attendant care to minimize their costs could cause unemployment. Kalecki would have preferred to regulate employment through an investment program, creating jobs where workers were, instead of leaving it to a labor market that could never work efficiently.

In the end, neither side won. Lange died in 1965. The Polish leadership ignored Kalecki's criticisms, leading to consumer shortages and worker unrest. Nationalism spread in Poland, both as a reaction to repression by the authorities, and as a tool of that repression.

In 1968, Jews were purged from the ruling party, public institutions, and the professions. Critics in Kalecki's circle and beyond lost their jobs and were forced to emigrate, on the grounds of their alleged "Zionism" and "revisionism."

### **The Three Faces of Solidarność**

Solidarność ("Solidarity") had its roots in this cocktail of nationalism and socialist struggle in reaction to recurrent "meat crises" that had affected Poland. The crises arose out of the

contradiction between investment in industry, to secure high employment and high wages, and the production of consumer goods on which those wages could be spent.

Repeated attempts to raise food prices to match supply with demand in the market, in line with the “law of value,” provoked the resistance of workers. In the 1970s, the Polish government won a temporary reprieve by borrowing abroad, only to find itself in a debt crisis, eventually defaulting on its foreign debts in 1982. By then, Solidarność was well established.

This history created Solidarność with three distinct trends or tendencies. The first, with a lasting appeal to socialists, was a syndicalist trend, demanding respect for working people and their participation in the management of their place of work. This was most strongly expressed by dissident intellectuals like [Tadeusz Kowalik](#) and [Edward Lipiński](#).

They had supported workers’ councils in 1956, and set up the Workers’ Defense Committee (Komitet Obrony Robotników or KOR) in 1976 to assist striking workers. However, the councils of 1956 had long since been politically neutralized. The striking workers knew that factory committees had no influence on food prices and supplies of consumer goods.

A second trend was inspired by vague notions of Christian Democracy. Poland was an overwhelmingly Catholic nation, whose Cardinal Archbishop of Kraków had been elected to head the Roman Catholic Church in 1978, just as relations between the country’s Communists and its workers had taken a turn for the worse.

The church provided a degree of protection from the repressive machinery of the state, and a focus for an alternative, more spiritual, idealism. Most workers still had roots in rural piety that showed itself in conspicuous attendance at overflowing church services.

The third trend was the nationalist one, expressed in a distrust of the Soviet Union, and the thinly veiled antisemitism with which the most famous leader of Solidarność, [Lech Wałęsa](#), successfully campaigned for election to the Polish presidency in 1990.

It was this trend that was most enthusiastically supported by Polish right-wing émigrés, who had stayed in the West in 1945 and denounced Oskar Lange for consorting with Communists. It also had the backing of conservative leaders in the West like Margaret Thatcher and Ronald Reagan, who were much more keen to dismantle the Soviet bloc than to encourage workers’ movements.

### **Debt: the Midwife of Reaction**

After a crackdown on the trade union that lasted for much of the 1980s, Solidarność and the Communist government eventually reached a power-sharing agreement based on constitutional changes at the Round Table Talks, conducted from February to April 1989 in the Solidarność stronghold of Gdańsk. By then, the Soviet bloc was already crumbling, and with it Communist hegemony.

It left behind an invisible but no less deadly legacy, in the form of the foreign debts that had kept some Communist governments going during the 1980s. Poland had been an early borrower before it defaulted in 1982, and these outstanding debts now stood as an obstacle to the “normalization” of relations with the West. [Leszek Balcerowicz](#), the finance minister in the post-Communist government, faced an urgent need to have the debts written off by Western governments, the International Monetary Fund (IMF), and the World Bank.

Balcerowicz was encouraged by the US economist Jeffrey Sachs to adopt a hard version of the IMF’s standard “structural adjustment program” of fiscal austerity, monetary control, market

liberalization, and privatization that Sachs had recently been hawking around Latin America. The result was a surge of hyperinflation, only broken by a huge rise in unemployment. Joblessness remained high until Poland's entry into the European Union in 2003.

Balcerowicz's supporters hailed the success of his "economic transformation." But later governments followed timid economic strategies that banked on American support and regional assistance from EU headquarters in Brussels.

### **After Solidarity**

After Lech Wałęsa's victory in the 1990 presidential elections, Solidarność fragmented, not just ideologically but also as a result of the collapse of Polish industry. The Kaczyński brothers, Lech and Jarosław, minor dissidents who had participated in the Gdańsk Round Table Talks, eventually brought together some of the remnants of Solidarność to form a new party, Law and Justice.

It was enough for them to win office around a nationalist discourse centered on betrayal of the hopes of 1989, historic grievances, and foreign conspiracies. The alleged conspirators include Muslims, Jewish communists, the Germans (who are said to be running the European Union), the Russians (who supposedly made a martyr of the late Polish President Lech Kaczyński), feminists, and the LGBT community.

A hypersensitivity to perceived infringements of national dignity masks a deeper ignorance of Poland's international dependence. To paraphrase Isaac Deutscher: contrary to Communist expectations, Poland had regained her independence; but contrary to the expectations of Solidarność, Poland had received it mainly from Washington, Brussels, Berlin, and Moscow.

### **In Search of a System**

In the same year that the Polish Communists handed over power to Solidarność, Włodzimierz Brus, with his Kaleckian colleague [Kazimierz Łaski](#), published his last book, *From Marx to the Market: Socialism in Search of an Economic System*. Brus was now more skeptical of the possibilities of market socialism, recognizing that it required not just proper democracy, but also property rights. In this way, Polish market socialism came back to its origins. As Solidarność eventually settled into working-class nationalism, the ideal of market socialism found its end in capitalism.

Brus knew that form of nationalism well: he had been a leading member of the communist Polish Workers' Party that was — still rather precariously at that point — in control of Poland in 1946. I once asked him how he, as a Marxist, explained the Kielce pogrom of that year, when Polish workers murdered forty Jews who had returned to Kielce from the Nazi death camps.

His answer was simple: workers are like people everywhere. Some are educated, some are ignorant, some are moral, some are immoral. There is no special virtue in being a worker. What Marxists have to look at is the attitude of the working-class institutions. The Polish Socialist Party, the Polish Workers' Party, and the trade unions all condemned the killings, he told me. This perhaps explains the paradox of the working-class movement that has become the nationalist government of Poland.

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**Jan Toporowski** is professor of economics and finance at SOAS, University of London. His works include *Michał Kalecki: An Intellectual Biography*.

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