

Sudziński, Ryszard

Stalinist influences on the polish economy internal and external conditions and structural changes (1944-1955)

Czasy Nowożytne Vol.I, 177-195

2000

Artykuł został zdigitalizowany i opracowany do udostępnienia w internecie przez **Muzeum Historii Polski** w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

Ryszard Sudziński

(Toruń)

Stalinist Influences on the Polish Economy Internal and External Conditions and Structural Changes (1944–1955)

Research Problems

Estimation of the economic changes in Poland after World War II is still a very controversial matter, one that is the subject of disputes and discussions among historians, economists, sociologists and political theorists. Even though research into the area is fairly well developed when compared to other, particularly political, sciences, there are still too many gaps, mainly in the research of Poland's place in the world economy and the economic relations with other Soviet block countries. The key to understanding many phenomena and problems is getting acquainted with economic facts and the subservience structure of Poland to the Soviet Union without which any discussion of Polish economic history after World War II does not make sense.

The dependence on the Soviet Union was the most important and lasting factor for Polish history after 1945. Its presence was apparent throughout the post-war period, even if not always perceived as such. This problem became the subject of academic discussion only in the 1990s with censorship toppled and secret documents were gradually revealed. Naturally, historians had used some sources, although these concentrated on issues of secondary importance related mostly to official contracts and treaties between the two countries (which were changed with secret addenda omitted in publications), the start-up of the economy, and the rebuilding of the country after the destruction of the war. The sources almost entirely ignored the losses resulting from the Soviet occupation and the dismantling of companies, etc. Post-war literature talked in great detail of mutual cooperation, help and the benefits thereof for both sides, only occasionally smuggling some general data, e.g. of war reparations, even if it was not related to the so-called coal deal. These monographs supplemented the accounts and memoirs of prominent political and economic activists, they lacked, however, the critical insight into the

changes made and did not analyze the phenomena in appropriate detail. These drawbacks can be explained with objective reasons (censorship); it can be assumed however that self-protection and self-censorship were important too.

Obvious reasons made the problem of the subservience of Poland and its economy to the Soviet Union are out of reach for researchers. Jadwiga Staniszkis was one of the few who attempted to penetrate the issue in an interesting yet controversial socioeconomic study published in the 1980s in the so-called second or underground publishing market, in which she portrayed the imperial policy of that superpower towards satellite states. Some light was shed on these relations in emigration literature, particularly in party documents unavailable in the country at that time or various contributions published in the times of historical breakthroughs.

Only in the first half of the 1990s did the works based on solid source research start to appear. They revealed how economic relations between Poland and the Soviet Union formed in the first years after the war and how the Polish economic model was unified with that of the Soviet Union and other countries of Central and Eastern Europe. These studies supplemented interesting documents on the background and results of economic negotiations of 1956 and 1957, complicated and insulting for Poles, which were supposed to settle disputes in the Polish-Soviet relations. The situation was much worse in relation to holistic studies that despite their titles did not devote much space to the issue. The same can be said of the problem of Soviet troops' stationing in Poland and the russification of Polish Army officers, as well as the losses resulting from the imposition of a certain strategy and military doctrine by the Soviet Union and the employment of outdated armaments. Information concerning these subjects is still highly classified.

The military played a crucial role in the totalitarian system imposed on Poland. Apart from national defense tasks, tightly dependent on Soviet doctrine as they were, the military fulfilled a political role in supporting and defending the regime. The system of totalitarian communism imposed on Poland in the final period of World War II was fixed in the army during the Stalinist times (1947-1953). The political role of the army was realized by certain institutions (the political-educational machine), the system of political and personal indoctrination, the involvement of the army in great political propaganda and socioeconomic actions, as well as repressive activities. Courts martial and military administration played a particular role in the process of terrorizing and restraining the Polish society in the Stalinist era. The problems mentioned were in the scope of interest of the historians of the military after 1989 in a much greater degree than other

both external and internal aspects of Poland's subservience to the Soviet Union.

There is no sensible judgment of the economic system in the period of "real socialism". This lack is partially filled by the works of narrowly specialized economists and sociologists. Still, an interdisciplinary study of the matter is called for. A similar situation evolved with regard to historiography showing mutual relations between politicians and economists. Knowing these relations is necessary to understand how the functioning of the economic system was deformed. An interesting study by K. Bolesta-Kukulka is an important step forward in this field, when most works until now, including holistic ones, were usually devoid of a political context or were loosely related to it. Of those, the synthesis of the latest history of Poland by W. Roszkowski (A. Albert) that puts particularly strong emphasis on economic issues is worth mentioning.

From the point of view of chronology, the first decade (1944-1955) is covered best and most widely, with the majority of researchers paying attention, for obvious reasons, mainly to the mixed (state, multi-sector) type of economy that functioned between 1944 and 1948 or 1949. Based on the literature at hand, both holistic and monographic, many problems concerning the start-up of the economy (1944-1946) and rebuilding the country (1947-1949) can be reconstructed. The structural changes in the economy (agricultural reform, nationalization of industry, currency reform and banking transformation), although charged with political meaning, not always mentioned, can be described. The transformation from the system with elements and characteristics typical of a capitalist economy to the centrally planned economy (1948-1949 - so-called socialist planning and centralization), and finally, to a much lesser degree, Stalinist influences on the Polish economy (1950-1955, urban industrialization and rural collectivization) can all be researched and characterized. The most important shortcomings of the historiography were the disregard of the tight relations between the economy and politics (a peremptory and distributive system of administration related to the autocratic totalitarian system of government) and the inability to present the economic structures of subservience to the Soviet Union.

From a state-influenced to centrally planned economy: structural change between 1944 and 1955

Attempting to briefly present the way Polish economy traveled from the mixed to the centrally planned and peremptory-distributive economy, an initial description is necessary to show the condition of the economy just before World War II, being mostly the result of economic policies of pre-war governments, as well as the losses caused by the war and occupation.

Despite the fact that in the second half of the 1930s Poland was among the countries with the highest growth rate in industrial production, with only those of Japan and Estonia higher, and with the highest rate in the period of the 2nd Republic, comparing the results of 1938 to those of 1913 is not favorable. Gross Domestic Product per capita right before World War II was merely at the same level as before World War I. This is not to say that the quality of products was the same. Still, Poland was the only large European country that did not exceed 1913 production values.¹ In the countryside even in the post-crisis years, the tendency to divide property and pauperize the country was somewhat curbed, yet a wrong farming structure and overpopulation of the countryside prevailed.² Historians often dispute Poland's place in the world in the 1918-1939 period (Z. Landau, J. Tomaszewski, W. Roszkowski, W. Rusiński), but even so they do not question statistical analyses.³

The analyses show that the development of both industry and farming was slower in Poland than in many other countries, which deepened economic backwardness increasing since mid 19th century. It was the result of various factors, mostly of the World War I destruction, the change of borders and the loss of German and Russian trade markets, significant outflow of capital and qualified German workers. Some of the losses were compensated with the incorporation of Upper Silesia into Poland in 1922, but soon afterwards it was degraded by hyperinflation, and then, after a few prosperous years, the world economic crisis. It appears that the years 1914 to 1920 were decisive for Poland's place in the world economy, since between 1921 and 1939 industrial production rose by approximately 50 percent, 20 percent per capita. Errors made by successive governments also influenced the picture negatively, especially in the lack of will to reform the industry and farming, as well as in the economic liberalism.

Economic growth in Poland between 1936 and 1938 was interrupted by the outbreak of World War II. As a result of war and Hitler's destructive policies (improper maintenance and heavy exploitation of production means) as well as robbery policy of the Soviet Union (especially the

¹ Compare: Z. Landau, J. Tomaszewski, *Gospodarka Polski międzywojennej 1918-1939* (Polish Economy Between the Wars 1918-1939), vol. 1: *Lata interwencjonizmu państwowego 1936-1939* (The Years of State's Interventionism 1936-1939), Warsaw 1989, pp. 53-75; by the same authors, *Trudna niepodległość. Rozważania o gospodarce Polski 1918-1939* (Difficult Independence. Thoughts on Polish Economy 1918-1939), Warsaw 1978, pp. 63-72

² M. Mieszczankowski, *Struktura agrarna Polski międzywojennej* (Agricultural Structure of Poland Between the Wars), Warsaw 1960, pp. 329 and others

³ Compare: Z. Landau, W. Roszkowski, *Polityka gospodarcza II RP i PRL* (Economic Policies of the 2nd Republic and the PRL), Warsaw 1995

dismantling of the industry), production and service capacity in all branches of the economy fell significantly. Compared to other countries under occupation, Poland, apart from the Soviet Union, suffered the highest losses. The total loss of national wealth in Poland was estimated at 38 percent of that in 1938. In consequence, Gross Domestic Products in 1945 was just 38,2 percent of that before the war, i.e. was 62 percent lower. In mid 1945 the production of consumer goods was 7 to 25 percent of that before the war. Raw material industry performed slightly better, e.g. the production of coal was 61 percent lower than in the prewar period.⁴

Because of World War II the Polish economy changed dramatically due to constitutional and territorial changes as well as the migration of people within the territory, and an entirely new society was shaped. Economic structures and basic indicators of Poland before and after the war are thus incomparable, and attempts to refer to them were used by the propaganda. In theory, the new economic and territorial structure of Poland after the war increased the economic potential of the country because the new western and northern territories had a much better developed infrastructure, were more urban, industrialized, and rich in minerals, although on the other hand to a large degree damaged. The former eastern territories taken over by the Soviet Union had rich pools of oil and other minerals. In all, the so-called Regained Land did not balance the losses suffered by the Polish economy during World War II.

The first years after the war brought a situation in which between the Autumn of 1943 and mid 1945 a battle for the place of Poland in the postwar Europe was taking place on the international arena, with Soviet leader Joseph Stalin and Britain's Prime Minister Winston Churchill playing the key roles. As the result of diplomatic actions of both heads of states, Stalin's strategic game, and Red Army's entrance to Poland, a social revolution took place in Poland that from the very beginning incorporated the country into a Stalinist system already shaped at that time. The system was initially modified, accommodated to local needs in accordance with Stalin's doctrine of "national routes towards socialism". Economic and political pluralism was simulated, which resulted in a mixed

⁴ *Sprawozdanie w przedmiocie szkód i strat wojennych Polskich w latach 1939-1945*, (Report on War Damages and Losses of Poland in the Years 1939 to 1945), Warsaw 1947. See also: Cz. Łuczak, *Polityka ludnościowa i ekonomiczna hitlerowskich Niemiec w okupowanej Polsce*, (Population and Economy Policy of Hitler's Germany in Poland under Occupation), Poznań 1979, pp. 638-645: same author, *Polityka ekonomiczna Trzeciej Rzeszy w latach drugiej wojny światowej* (Economic Policy of the Third Reich in the Years of World War II), Poznań 1982, pp. 456-460

economy – a multi-sector economy with significant domination of the state, the influence of various political orientations, particularly of the PPS, in the system of planning and administration. At the same time in the guise of “help” in the start-up and rebuilding of the economy and thanks to a shrewd strategy, the foundations for a new systems were laid, mostly in limiting private and cooperative property, and the introduction of central planning and centralization of the whole system of economic administration.⁵

An example of the appropriate tactics of Polish communists, gathered mainly in the PPR, was the so-called socioeconomic reform. The agricultural reform was designed to attract farmers to the new system. The political aspect was dominant over the economic one, and so this reform did not change the faulty farming structure or the overpopulation of villages. In the cities, companies were privatized again, although this only affected small business, since all large and medium-size industry corporations were nationalized by the occupying forces and taken over by the state immediately after the war. When the private property started to escape communist control, it was nationalized with the Nationalization Act that provided legal grounds for the state’s acquisition of all remaining branches of the economy. The nationalization of companies initiated the process of binding economy to politics, which was visible in 1957 in the dissolving of company boards as workers self-rule organs.

Starting in the spring 1947 with the “trade battle”, small capitalists and their influences in the economy were eliminated from such branches as trade, craft and cooperative companies. During the transformation from the free market economy based on unconstrained competition to the “socialist” one based on the “social property of production means”, central management of the economic process was imposed. At the same time political parties and persons of different political orientations, including leftists, were pushed away from economic decision making. The record of these two individuals provide firm examples of it: Czesław Bobrowski, PPS member and Chairman of the Central Planning Office was forced to resign at the beginning of 1948; Eugeniusz Kwiatkowski, Deputy Prime Minister and Treasury Minister in the years 1935 to 1939, Government Plenipotentiary for the Rebuilding of the Coast Region, was forbidden

⁵ Various aspects of Poland’s history of those years are discussed broadly in: K. Kersten, *Narodziny systemu władzy. Polska 1943-1948* (The Birth of the System of Government. Poland 1943-1948), Paris 1986; W. Borodziej, *Od Poczdamu do Szklarskiej Poręby. Polska w stosunkach międzynarodowych 1945-1947* (From Potsdam to Szklarska Poręba. Poland’s International Relations 1945-1947), London 1990

from staying at the coast after 1947.⁶ The place in economic administration of these experienced and truly magnificent persons was taken as early as in 1945 by non-professionals close to the PPR (and later the PZPR), initially recommended by the party, and later chosen for the posts by “appropriate” staff policy (“staff partisanship”) or by the so-called advance in the society.

“A forced promotion of party-backed staff,” concludes K. Bolesta-Kukułka, “made the economy nothing more than an instrument of power and the field of the fight for political power (and later the fight against the state authority).”⁷

From mid 1947 the basic tasks of national economy in creating and distributing the national income, as well as the means with which these tasks were fulfilled, set the national economic plans. What was to be manufactured and in what quantity was no longer figured out by companies based on supply and demand, but by the general economic plan that imposed tasks on companies. Financial discipline, the rules for distribution and withdrawal of money increased the involvement of the financial system in the economy making it the controlling force of the entire economic order, including loans taken by the companies, their own turnover resources and taxation.⁸

Initially the planning system in which the state was the commanding center for the entire economy did not cover local and cooperative economy, although these adapted themselves in a greater or lesser degree to the planned conditions. This factor, just like low capital absorption and high effectiveness of 1947-1949 investments (mostly in consumer goods), and most importantly the patriotic and psychological elements of the process of the start-up and rebuilding of the country’s economy made the Three-Year Reconstruction Plan one of the best postwar periods in the history of Poland, keeping in mind the variety of conditions and the particularity of those years.

The “cold war” inflicted by Stalin as a response to the imperialist danger was also the reason for abandonment of the strategy of “national routes of development” and making Poland and other satellites more dependent. This was achieved with the help of the centralized monopolistic

⁶ See: T. Kowalik, *Spory o ustrój społeczno-gospodarczy Polski 1944-1948* (Disputes Over the Socioeconomic System in Poland 1944-1948), Warsaw 1980

⁷ K. Bolesta-Kukułka, *Gra o władzę a gospodarka polska 1944-1991* (Power Game vs. Polish Economy 1944-1991), Warsaw 1992, pp. 75 and others

⁸ A. Karpiński, *40 lat planowania w Polsce. Problemy, ludzie, refleksje* (Forty Years of Planning in Poland. Problems, People, Thoughts), Warsaw 1986, pp. 13-44

government concentrated around the Stalin-style party. With the creation of the PZPR in late 1948 and accepting Stalin's theory of increasing class confrontation and international threat, the Soviet economic model was imposed gradually yet persistently. It was based on the fetishes resulting from the imperial and totalitarian policies of the superpower. They appeared in their most extreme form at the beginning of the 1950s in Poland. The strategy approved in the Six-Year Plan (1950-1955) provides some examples of elements of Stalin's economic system that prevailed until late 1980s. Those were:

1. General elements resulting from the doctrine:

- peremptory-distributive economic system related to autocratic (until 1955 totalitarian) system of government realized by the party and administration bureaucracy corrupt with various privileges
- mechanical juxtaposition of the "socialist economy" to the capitalist model, thus rejection of free market economy mechanisms, which means respecting prices, costs, the criterion of profit, competition etc.
- introducing full monopoly of the state-run sector and elimination of all others
- unreal, populist elements of the plans (proposing sharp rises in production means and accumulation in the GDP, while at the same time increasing consumption, improving the standard of living, including significant increases in real pay, lowering production costs etc.)

2. Economic fetishism towards the industry:

- presumption of "socialism industrialization" with such factors as: the priority of Group A production (production means) over Group B (consumer goods), and industry over farming (the system of "producing for further production"), a one-sided development of the industry, especially heavy industry in its great part directed to military needs with all technical (public economy) and social infrastructure (education, healthcare, culture), ineffective energy and capital-absorbent investments, outdated technologies and inflation-stimulating branches of the economy (iron, coal, machine and chemical industries), extensive methods for stimulating growth by significant increases in employment, working in shifts etc. and the lack of intensification (low work efficiency) and modernization of manufacturing, economic autarchy

(many items in production with no modern technologies imported), the disappearance of workers self-rule, and social control replaced by omnipresent party control

3. Economic fetishism towards agriculture:

– the wrong doctrine regarding farming: first administrative collectivization of villages with lowering investment in this branch of economy, then hesitant attempts to abandon it while maintaining scattered tillage structure and the policy of village pauperization⁹

While putting these rules into economic practice, already on the turn of the 1940s and 1950s with the growing party influences on the state, the economy was ruthlessly made subordinate to political goals, and the economic voluntarism led to dividing and impoverishing the society while making it totally incapacitated. Workers were moved within the country in an artificial way which caused mass migrations from villages to cities, often unnecessary from the economic point of view, just like the investments placed often for strictly political (e.g. heavy industry near Krakow) or doctrine reasons (full employment, including women). Traditional social structures were thus demolished, which meant disintegration of the inhabitants and as a side effect weakening of moral norms and the development of social pathologies.

As the result of the economic mechanisms imposed, as noticed by J. Kolarska-Bobińska in her *Sociological Studies*, what took place was “the separation of production and business ethos, slowly disappearing, from that of consumption”,¹⁰ however understood as slyness, thinking exclusively of one’s personal needs and manifest in other habits (“homo sovieticus”). Together with the political alienation of the party and state from the society, labor and its product was alienated too; it became something distant for a worker, and this resulted in a negative approach to labor (thriftness, shirking, thievery, low efficiency etc.)

⁹ Read further on the essence and functioning of “the socialist economic system” in the PRL and other countries of the Soviet block in: Z. Landau, W. Roszkowski, *Polityka gospodarcza II RP i PRL*, pp. 88 and following, 200 and following; S. Kurowski, *Polityka gospodarcza PRL. Ujęcie modelowe. Cele, zasady, metody. Analiza krytyczna* (PRL’s Economic Policy. Model Presentation. Goals, Rules, Methods. Critical Analysis), Warsaw 1990; W. Brus, K. Łaski, *Od Marksa do rynku*, (From Marx to the Market), Warsaw 1992

¹⁰ Quoted after: A. Karpiński, *Czy Polska ma szanse rozwoju* (Does Poland Have Chances To Develop), Warsaw 1987, p. 211

The ideology was made vulgar as well. The officially proclaimed "proletarian dictatorship," as Tadeusz Płużański rightly noticed, very quickly "evolved into the dictatorship of government elites in power over the socialist society. The working class [...] was not the subject, but the object of despot authority."¹¹ All this contributed to the permanent economic crisis (with some more positive moments only in the years 1956 to 1958 and 1971 and 1973), artificially supported by subsidizing whole branches of the economy.

The primary objective factor resulting from the adopted doctrine (of economic fetishism) was the lack of economic freedom related of course to the subordination to the Soviet Union.

Phases in economic subservience to the Soviet Union

The problem of Polish-Soviet economic relations after World War II was seen from two extreme views in Polish literature. In official publications, as was already mentioned, much was said of mutual cooperation, help and the benefits thereof for both parties, when opposition (underground) literature viewed these relations as exploitation, and in some extreme views even as "colonial exploitation" (J. Staniszkis).¹² This issue calls for further detailed research.

The degree of dependence of the Polish economy on Soviet strategies was tightly related to the degree of Stalinist influences. Two phases can be differentiated in the process. The first, covering the years 1944 to 1947 or 1948, disguised as "help" in the start-up and rebuilding of the economy and with shrewd tactics, significant structural changes were introduced to the Polish economy (significant limits to private property and the beginnings of central planning). At the same time the basis of Soviet domination in Poland after World War II was established.

The process was initiated with a bilateral agreement on the relations between the Soviet commander-in-chief and Polish administration (the PKWN) after the Soviet military had entered Polish territory, signed in Moscow on July 26, 1944.¹³ It supplemented the agreement regarding

¹¹ T. Płużański, *Sprzeczność prowadzi naprzód* (Inconsistency Pushes Forward), Warsaw 1983, p. 21 and following. See also: O. Lange, *O socjalizmie i gospodarce socjalistycznej* (Of Socialism and Socialist Economy), Warsaw 1966, pp. 212-213; J. Malanowski, *Polscy robotnicy* (Polish Workers), Warsaw 1981

¹² See: J. Staniszkis, *Ontologia socjalizmu* (Ontology of Socialism), Warsaw 1989, pp. 41 and following

¹³ Text of the agreement in: *Dokumenty i Materiały do Historii Stosunków Polsko-Radzieckich* (further referred to as *Dokumenty i Materiały*) (Documents and Materials Relating to the History of Polish-Soviet Relations), vol. 8, Warsaw 1974, pp. 155-157

borders¹⁴ forced out by Stalin and signed on July 27, which was crucial to the strategy regarding western and northern land that Poland was supposed to receive as compensation for the eastern territories turned over to the Soviet Union, as agreed before by the superpowers. Acting upon the Yalta conference agreements, on February 20, 1945 the State Defense Committee of the Soviet Union concluded a resolution in which it authorized the Temporary Government of the Republic of Poland to govern, also economically, in the territories spelled out by the quoted agreement of July 1944 between the PKWN and the Soviet government. The resolution also set the width of the front area (60-100 kilometers) which was to remain under the temporary administration of military commanders.¹⁵

Stalin had increased confidence in his strategy and conduct because of the lack of an effective policy of English and American powers towards Central and Southeastern Europe, as well as the hesitant approach of the USA and a cynical strategy of Churchill's accepting the Soviet policy of facts and making the countries of the region subservient.¹⁶ On the other hand, they caused disorientation in the work of Polish organs being created, visible especially in the fast pre-Potsdam settling on the land at the Oder and Neisse Rivers and the Baltic Sea, and putting these territories in working order, which meant "expelling" the Germans that remained there, and creating local government and administration organs (Gdańsk, Szczecin, Wrocław).¹⁷

¹⁴ Ibid., pp. 158-159

¹⁵ Read further on the realization of the resolution in: H. Różański, *Śladem wspomnień i dokumentów 1943-1948* (Tracing Memories and Documents 1943-1948), Warsaw 1988, pp. 186-201

¹⁶ See: E. Basiński, *Od Lublina do Zgorzelca. Współdziałanie Polski i ZSRR w rozwiązywaniu problemu niemieckiego 1944-1950* (From Lublin to Zgorzelec. Cooperation Between Poland and the Soviet Union in Solving the German Problem 1944-1950), Warsaw 1980, pp. 171-172; L. Zyblikiewicz, *Polityka Stanów Zjednoczonych i Wielkiej Brytanii wobec Polski 1944-1949* (The Policy of the United States and Great Britain Towards Poland 1944-1949), Warsaw 1984, pp. 155-156

¹⁷ See especially: A. Magierska, *Ziemie zachodnie i północne w 1945 roku. Kształtowanie się podstaw polityki integracyjnej państwa polskiego* (Western and Northern Territories in 1945. Creating the Bases of Integration Policies of the Polish State), Warsaw 1978; A. Ogrodowczyk, *Nad Odrą i Bałtykiem. Osadnictwo wojskowe na zachodnich i północnych ziemiach Polski po drugiej wojnie światowej* (At the Oder and the Baltic. Military Settlements on Western and Northern Territories of Poland after World War II), Warsaw 1979; Z. Romanow, *Ludność niemiecka na ziemiach zachodnich i północnych w latach 1945-1947* (German Inhabitants of the Western and Northern Territories in the years

The initial phase of Poland's sovietization ended with a bilateral agreement of August 16, 1945, in which, referring to the statement after the Potsdam conference, the Soviet government "passed over to Poland all claims to German property, the shares of German companies on the entire territory of Poland, including that part of the territory of Germany that now becomes Polish".¹⁸ This declaration was of purely propaganda meaning, since by that time nearly all machinery in the companies of the new territories had been dismantled. According to Polish estimates, this lowered the actual value of the so-called Regained Land by over 2 billion prewar dollars, when Soviet estimates spoke of only 500 million dollars.¹⁹ Soon afterwards, on September 14, 1945, an agreement between the commanders of the Northern Military Group of the Soviet Army and the Temporary Government of National Unity regarding the transfer of German companies used by the Soviet military to Poland. The agreement stipulated that many former German companies would be rented to the Soviet military as necessary in the period of their stationing in Poland. The rent was, as a matter of fact, free-of-charge and it took years until the companies were really transferred to the Polish authorities.²⁰

In the agreement of August 16, 1945, already quoted, the crucial problem was the participation of Poland in war reparations and coal agreements closely related to them (the so-called cheap coal concept). The Potsdam agreement, being the result of a game between superpowers over their interests, affirmed Soviet Union's supremacy in this part of Europe and through its enigmatic or conflicting decisions (e.g. regarding the temporary Western border of Poland and at the same time expelling German citizens) it gave the Soviet Union the potential to blackmail its satellites, most of all Poland. The Potsdam agreement did not state what Poland's share in the reparations was, while only obliging the Soviet Union to satisfy its part of Polish claims. In the August agreement Stalin pledged to pass on to Poland: 15 percent of reparation supplies from the

1945 to 1947), Słupsk 1992; B. Nitschke, „Wysiedlenia Niemców w czerwcu i lipcu 1945 roku” (Displacement of Germans in June and July 1945), *Zeszyty Historyczne*, book 118, Paris 1996, pp. 155-171

¹⁸ The Agreement Between the Temporary Government of National Unity and the Government of the Soviet Union Regarding Compensation for Damages Done by German Occupation, in: *Dokumenty i Materiały*, vol. 8, pp. 582-583

¹⁹ A. Korzon, *Niektóre problemy polsko-radzieckich stosunków gospodarczych w latach 1945-1957* (Selected Problems in Polish-Soviet Economic Relations in the Years 1945 to 1957), *Studia z Dziejów Rosji i Europy Środkowo-Wschodniej* (Studies of the History of Russia and Central and Eastern Europe), vol. 28, 1993, pp. 135-152

²⁰ *Ibid.*, pp. 136-137; H. Różański, *op. cit.*, pp. 353-354

Soviet occupational sector in Germany, 15 percent of industrial machinery the Soviet Union was supposed to receive from the western occupational sectors and further 15 percent of industrial machinery from those sectors compensated with Polish products. It must be stressed that the Lower Silesian Voivodeship, not regarded as part of the Soviet sector, was excluded from these reparations. This way the Soviets were left out of the profits from this land, but wishing to make the Polish economy dependent, they put forward the idea of creating joint coal corporations designed to operate Lower Silesian coal mines, in which they would own 51 percent of shares.²¹

The system of joint corporations was the first practical element in subordinating Eastern European economies to the Soviet system.²² With regard to Poland, and recalling the information of his economic experts that compared the value of western and northern territories of Poland (9,5 billion dollars) with that of eastern territories turned over to the Soviet Union (3,6 billion dollars) and deducting the value of machines dismantled and taken away (0,5 billion dollars), Molotov concluded there was a difference of 5,5 billion dollars to Poland's advantage, and that it would have to be compensated by Soviet participation in the corporations. When Poland did not agree to Stalin and Molotov's proposals, the Soviet Union imposed on Poland a convenient resolution of war reparations, forcing Poland in the August agreement to accept the so-called cheap coal concept. According to it, Poland was supposed to deliver coal and coke to the Soviet Union at special prices throughout the entire time of German occupation. Poland was obliged, starting in 1946, to be delivering the following quantities of coal: 8 million tons in the first year, 13 million tons annually for four years, and 12 million tons annually for the following years. The price of coal sold to the Soviet Union was on average 1,14 dollars per ton, and did not even cover transport costs, being 10-11 times lower than international prices.²³

Because of the high demand for coal on the European market and the lack of coal in Poland (since the export of cheap coal to the Soviet Union made up 30 percent of its total production), dissatisfaction rose in parts of

²¹ Read further about the negotiations in: H. Różański, op. cit., pp. 320-330, 438-440

²² H. Bartoszewicz, *Sowiecka polityka dominacji w Europie Środkowej i Południowo-Wschodniej 1944-1947* (Soviet Policy of Domination in Central and Southeastern Europe 1944-1947), *Zeszyty Naukowe Uniwersytetu Jagiellońskiego. Prace Historyczne*, book 107, ed. by M. Pułaski, Krakow 1993, pp. 40-41; W. Borodziej, op. cit., pp. 129-130

²³ A. Korzon, op. cit., pp. 136-137; H. Różański, op. cit., pp. 324-325

the society. Government officers believed that "Poland was paying the Soviet Union 12 million tons of coal a year for the support on the international arena, the incorporation of western territories to Poland, and securing its western borders. If we consider that a ton of coal costs 10 US dollars on the international market, it means that Polish-Soviet friendship costs Poland 120 million dollars a year," wrote Chief of Northern Military Group's Political Board, General Lieutenant Andrei Okorokov.²⁴ His note further reads that the Soviet Union delivered iron, wool, cotton etc. to Poland in exchange for coal, but "it would then take 75 percent of the production at very low prices that did not even cover the wages necessary for these materials to be processed." Józef Lisicki, Navigation and Foreign Trade Office representative in charge of the Gdynia port, suggested that France and Sweden proposed other materials (iron, cotton) in exchange for coal at much convenient conditions, but Poland was forced to turn these proposals down because it was bound with the agreements with the Soviet Union.²⁵ Because it was able to provide only half of the coal agreed on August 16, 1945, the Polish-Soviet agreement of March 5, 1947 lowered Polish participation in war reparations by half (from 15 to 7,5 percent).²⁶

Poland could not inspect the amount of reparations received by the Soviet Union or the deliveries of finished products. Also, it could not select the installations and machinery dismantled in the occupation sectors. In the second half of 1945 and 1946, the Soviets dismantled and took as reparations the machinery from 676 facilities, and according to the agreement of August 16, 1945 Poland was supposed to receive machinery of 90 plants. It did not receive even one plant from the Soviet occupational sector in fact. "It was," rightly concludes Wojciech Roszkowski, "a truly colonial solution, foreseen for unspecified time. Polish losses because of this were a sort of damages imposed by Kremlin on the new Poland."²⁷

Another form of subordination of Eastern European economies were numerous economic and military-trade contracts that Soviet satellites were forced to conclude. As early as in March 1946 Poland signed contracts with the Soviets regarding postal, telephonic, telegraphic and airline

²⁴ Text of the note in: *Polska-ZSRR. Struktury podległości. Dokumenty WKP(b) 1944-1949* (Poland-USSR. Structures of Subsistence. Documents of the Soviet Bolshevik Party 1944-1949), Warsaw 1995, pp. 180-181

²⁵ Ibid.

²⁶ The background of Polish-Soviet negotiations and the agreements referring also to railway, trade fleet and the Szczecin port are widely discussed in: H. Różański, op. cit., pp. 453-490

²⁷ W. Roszkowski, *Bilans otwarcia* (The Opening Evaluation), in: *Historia gospodarcza Polski 1944-1989* (Polish Economic History 1944-1989), ed. by J. Kaliński, Warsaw 1993, p. 12

communications.²⁸ The deal planned that the Soviet Union would operate the airlines to Warsaw and Berlin. Additionally, during trade negotiations in Moscow in March 1946 the Soviets did not agree that export of materials necessary for rebuilding of Poland be limited, and transactions be calculated in US dollars, based on international prices, just like they had been in 1945 to 1947 between the countries of "people's democracy". The situation changed dramatically after Stalin created the Informational Bureau of Communists and Workers Parties (the Cominform) in September 1947 which apart from unifying the economies of these countries with the Soviet economy forced them to increase trade exchange with the Soviet Union. Earlier, attempts to discuss accepting the American plan of economic rebuilding of Europe (the so-called Marshall Plan, presented on June 5, 1947) were undermined. Under pressure from the Soviet Union that ultimately rejected the plan on June 2 of that year, Poland did just that a week later (June 9). In exchange for it, Molotov came up with an alternative suggestion to concentrate efforts on creating environment for "mutual economic help" of satellite countries.²⁹

At the same time the unification process of Central and Southeastern European economies with that of the Soviet Union was being prepared. It was initiated in 1946 together with a great ideological offensive covering all aspects of life in the Soviet Union, subordinating it to apologetic tasks, glorifying Stalin and the Soviet system, at the same time fighting every instance of independent thought.³⁰ In February 1946 Secretary General of the Soviet Bolshevik Party Joseph Stalin presented alleged threats of American imperialism and the need to create a new socialist society in the countries by copying the Soviet economic model. Only after the meeting with European communist party leaders in Szklarska Poręba at the end of September 1947 he decided to abandon the strategy of "national

²⁸ Texts of agreements in: *Dokumenty i Materiały*, vol. 8, January 1946-December 1949, Warsaw 1976, pp. 44-45, 56-60

²⁹ H. Bartoszewicz, op. cit.; pp. 43-48; see also: J. Skodlarski, *Współpraca gospodarcza Polski z krajami demokracji ludowej 1945-1949* (Poland's Economic Cooperation with People's Democracies 1945-1949), *Studia z Dziejów Rosji i Europy Środkowo-Wschodniej*, vol. 15, 1979, p. 173; A. Skrzypek, *Procesy integracyjne państw wspólnoty socjalistycznej 1946-1971* (Integration Processes of Socialist Countries 1946-1971), Łódź 1987, p. 14 and following; M. Turlejska, *Zapis pierwszej dekady 1945-1954* (The Record of the First Decade 1945-1954), Warsaw 1972, pp. 90-93; W. T. Kowalski, *Polska w świecie 1945-1956* (Poland and the World 1945-1956), Warsaw 1988, pp. 214-219; L. Zyblikiewicz, op. cit., pp. 311-319

³⁰ See: L. Kołakowski, *Główne nurty marksizmu* (Main Trends in Marxism), part 3: *Rozkład* (Decomposition), 2nd edition, London 1988, pp. 886 and following

routes to socialism” that in the first years after the war was a disguised attempt to transform the capitalism system into a Soviet-style one in the satellite countries. The new tendencies were exemplified by the acceptance of the theory of increasing class confrontation and swift unification of the whole system, particularly visible in the “socialist” industrialization of cities and the collectivization of villages.

Apart from nationalization and centralization of all branches of the economy, as well introducing socialist ideology into it, trade contracts concluded at that time expressed the unification of satellites’ economies. The Polish-Soviet governmental agreement of January 26, 1948 stipulated that the prices for the commodities traded would be correlated with international prices and the calculations would be cashless and mutually cleared. The prices were to be expressed in the so-called clearing rubels.³¹ “The consequence of this system,” notices Andrzej Skrzypek, “was that the price was disconnected from the value of the commodities, and that two sets of prices were created: one for the internal, and another for the external market. Profitability of transactions ceased to be a significant element in trade, losing its role of the supply and demand regulator.”³² Apart from that, Moscow dictated very low prices for many products purchased in Poland while setting the prices of imported goods much higher.

With the agreements, the Soviet Union compelled Poland, just like other countries of the block, to the production of particular goods with which loans, generously given to the satellite countries, were paid back. “The creditor gained,” rightly concludes the author, “crucial influence on the type of debtor’s production. This way the Soviet Union bound the economy of its partner and made it dependent.”³³ The dependence was particularly strong because the “superpower” delivered mostly raw materials, especially food, energy and investment means, and imported mainly finished processed products (in the case of Poland they were armaments, construction machinery, ships, machine tools, railway cars etc.) The exchange was independent from the international raw materials and outlet markets. The means delivered from the Soviet Union were supposed to enable satellite economies to accommodate to the Soviet

³¹ Text of the agreement in: *Dokumenty i Materiały*, vol. 9, pp. 276-280

³² A. Skrzypek, *Plany Stalina skupienia państw Europy Środkowo-Wschodniej w jednolity organizm gospodarczy 1948-1952* (Stalin’s Plans to Unite Central and Eastern European Countries into One Economic Organism 1948-1952), *Zeszyty Naukowe Uniwersytetu Jagiellońskiego. Prace Historyczne*, book 107, ed. by M. Pułaski, Krakow 1993, pp. 60-61

³³ *Ibid.*, pp. 58-59

model and shape new societies. The coordinating factor acting for this peculiar integration was the Rada Wzajemnej Pomocy Gospodarczej (Mutual Economic Assistance Board, or the RWPG) invented by V. Molotov as an alternative to the Marshall Plan and created at the meeting in Moscow on January 5-8, 1949.³⁴

The dominant role of the Soviet Union within the RWPG made the Board an instrument of forcing economic subservience of satellites to one managing center. The assumptions for economic plans, the level and structure of trade, as well as prices were on this organization's agenda. "The membership to the RWPG," notices Zbigniew Landau, "compelled Poland to a certain economic strategy and ties to other communist countries in Europe".³⁵ Controlling the Polish economy, Moscow made it impossible for the country to create any economic policies on its own. All strategic decisions had to be approved by the Soviet Union, and some openness with the West was only then possible when it brought profit to the superpower.

Central planning organs were created. In Poland since the spring of 1949 that role was played by the Państwowa Komisja Planowania Gospodarczego (State Committee for Economic Planning, or the PKPG) and its local offices with broad competence.³⁶ The start-up of the new system was actively aided by Soviet advisors situated at the Deputy Chairman of the PKPG, General Piotr Jaroszewicz, and the manufacturers producing especially for the Soviet Union.³⁷ In the years 1950 to 1953 they were mostly related to switching the businesses to military production. The Polish-Soviet treaty of June 29, 1950 insured delivery of military equipment and licenses for armament production to Poland. The treaty foresaw that Soviet specialists would be sent to Poland to "provide help in constructing military factories and organizing production". "Until now production plans of the military industry were to satisfy the needs of the time of peace, and that is why they must be changed," reported Bierut to

³⁴ PAP's Report on the Creation of the RWPG of January 25, 1949, in : *Dokumenty i Materiały*, vol. 9, p. 441. On the Board's functioning, see: *Integracja gospodarcza krajów RWPG*, (Economic Integration of the RWPG Countries), Warsaw 1970

³⁵ Z. Landau, W. Roszkowski, op. cit., p. 146

³⁶ On the creation of PKPG and the introduction of the peremptory-distributive system on April 24, 1949, see: A. Karpiński, *40 lat planowania*, p. 45 and following

³⁷ See: P. Jaroszewicz, *Przerywam milczenie 1939-1989* (I'm Breaking the Silence 1939-1989), Warsaw 1991, pp. 117-125; J. Kaliński, *Gospodarka Polski w latach 1944-1989. Przemiany strukturalne* (Polish Economy in the Years 1944 to 1989. Structural Change), Warsaw 1995, p. 53

Stalin on October 11, 1950. "For that reason the Polish government asks the government of the Soviet Union to appoint an advisor to the Council of Ministers of the Republic of Poland in charge of defense industry and the mobilization plan for the national economy." In Bierut's opinion "it is desirable that the said advisor had an appropriate staff of Soviet specialists at his disposal and had the authority to contact appropriate Soviet civil and military organs directly, so that he could act swiftly and authoritatively."³⁸

Also in October 1950 the Political Board of the PZPR Central Committee approved the plan of development of the Polish Army for the years 1950 to 1955 presented by the National Defense Ministry. The plan predicted a strong expansion of different branches of the military. In mid 1951 the Defense Minister of that time, Konstantin Rokossowski, acting on Moscow's commands, unveiled new directions that forced the Polish economy to create a support system for Soviet military stationed in Poland and the DDR.³⁹ This caused great changes to the Six-Year Plan and plans for next years increasing beyond any norms the tasks in the heavy industry. With the international situation getting more complicated, the military orientation for the economy and other fields related to the military (technical infrastructure, scientific institutes etc.) was increasing.⁴⁰ On the other hand, the shifts in Polish armed forces mirrored the Soviet model of fighting from World War II, disregarding the possibility of using nuclear weapons. Investments in outdated warfare technology were probably not a part of the Soviet model of operations and fight at that time, but were consciously imposed on the satellites to make them even more dependent. Great financial efforts were made to produce armaments and technical equipment unadjusted to the warfare operations of that time.⁴¹ As Edward Ochab elaborated on the 7th Plenum of the PZPR Central Committee, "the expansion of the defense industry consumed great, multibillion sums, the most modern machinery and the best staff, made us revise the previous

³⁸ Quoted after: A. Korzon, op. cit., p. 144

³⁹ See: P. Jaroszewicz, op. cit., p. 117; J. Kaliński, op. cit., pp. 52-53; T. Pióro, *Armia ze skazą. W Wojsku Polskim 1945-1968 (wspomnienia i refleksje)* (The Army with a Flaw. At the Polish Army 1945-1968 (Memories and Thoughts), Warsaw 1994, pp. 161-165

⁴⁰ See: T. Pióro, op. cit., pp. 163-172; A. Karpiński, *40 lat planowania*, pp. 45 and following; J. Kaliński, op. cit., p. 48 and following

⁴¹ Compare: Z. Sadowski, *Potencjał bojowy wojsk lądowych na Pomorzu w okresie "zimnej wojny" w latach 1949-1989* (Military Potential of the Ground Army in the Pomerania during the Period of "Cold War" in the Years 1949 to 1989), in: *Od armii komputowej do narodowej (XVI – XX w.)* (From the State to National Army (16th to 20th century), ed. by Z. Karpus and W. Rezmer, Toruń 1998, pp. 367-371

plan, to create factories in other places and of other type than previously predicted.”⁴²

The most basic phase of making Poland subordinate to the Soviet Union took place at the time of the “cold war” (1947/48-1953) through political and economic isolation from the West (the rejection of the Marshall Plan), the change in property structure (imposing state’s monopoly) and production structure (autarchy in production, even though it was dependent on Soviet raw materials, energy and market). In this way, called by J. Staniszkiś “the three-step sequence,”⁴³ a “special process of colonization” was started in her opinion. Its most important principle was that the superpower provided raw materials and received final products. It dominated politically and militarily, but remained on a lower economic and development level than the dependent country. The transmission was done with the help of political and military elites shaped during World War II in the Soviet Union. Their servility was visible in Poland especially after Gomułka was put out of the chair of the First Secretary of the PZPR Central Committee in mid 1948. The elites allowed the imposition and later adoption of Stalin’s economic doctrine, and the fear that Stalin could stop supporting them and perhaps even have them killed (for instance those activists of Jewish origin that were concentrated around Hilary Minc) led to full servility and promotion of investment policies and production structures copying the Soviet model which went against local conditions. A characteristic element of this policy was full control of the military industry that was supposed to play the key role in the expansion of communist totalitarianism outside of the Soviet Empire. Unfortunately, this economic fetishism imposed on Poland to a far greater degree than on most satellites, as well as the exploitation of the nation and state, prevailed till the end of the 1980s.

⁴² “Nowe Drogi” 1956, nos. 7-8, p. 4; see also: P. Jaroszewicz, op. cit., p. 110; Ź. Pałski, *Rozwój Wojska Polskiego w latach 1945-1989* (The Development of the Polish Army in the Years 1945 to 1989), in: *Od armii komputowej do narodowej*, p. 367-371

⁴³ J. Staniszkiś, op. cit., p. 41 and following; see also: R. Sudziński, *Ekonomiczne struktury podległości Polski wobec ZSRR – problemy badawcze i interpretacyjne ze szczególnym uwzględnieniem lat 1944-1957* (Economic Subservience Structures of Poland to the USSR – Research and Interpretation Problems with Special Emphasis on the Years 1944 to 1957), *Acta Universitatis Nicolai Copernici*, Historia 30, Toruń 1997, pp. 163-181