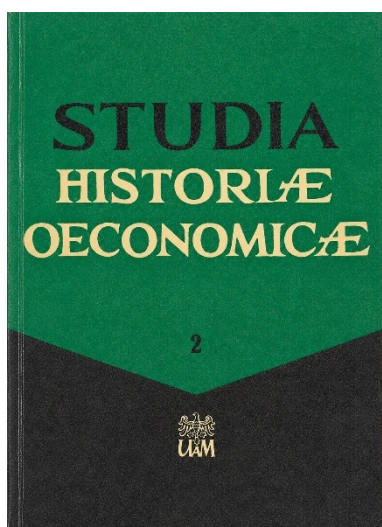




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NATIONALIZATION OF INDUSTRY IN POLAND

On January 3, 1946 the nationalization of the key branches of industry was legislated by the National Council (K.R.N.), the first parliament of People's Poland.

Compared with other important periods of history, a comparatively short time separates us from that momentous event.

The social and economic consequences of the nationalization of industry caused such profound structural changes in all spheres of social life that the effects of this fundamental revolutionary act can be fairly accurately evaluated today.

Already part of history it can be studied as such by a historian. Owing, however, to the fact that the nationalization of industry has many and varied aspects, we must of necessity limit our scope of interest in this study. Attention has therefore been focused on an analysis of the program platform on which the parties of the Polish democratic camp, and most notably the revolutionary workers' movements stood, as well as on the principal phases of the struggle for the nationalization of industry.

The time range of this extensive problem of nationalization has been deliberately limited to include the Second World War and the period of revolutionary transformation which immediately followed the liberation of Poland. Omitted from the present paper is the problem of how the objective premises for the nationalization of industry were developed in the years between the two World Wars.

The author does not extend his study beyond January 3, 1946, the day when the law nationalizing the key branches of the national economy was passed, nor did he describe the enforcement of a number of resolutions of that law in the course of the few years after the promulgation of the statute.

It does not lie in the scope of the author's capabilities or competence to write about the economic results of the achievements of the past twenty years.

* * *

The motto of the nationalization of the basic means of production was inscribed on the banners of the Polish revolutionary movement from the very beginning of its history.

The "Proletariat" Party was the first to proclaim this principle. In 1882 the Party's Brussels program stated: "the means and the instruments of production must pass from the hands of individuals to become the common property of the workers"¹. In 1893—1918 nationalization was also one of the strategic rallying calls of the program formulated by the Social Democracy of the Kingdom of Poland and Lithuania (known as the SDKPiL). Consistently throughout the years between the two World Wars the Communist Party of Poland demanded the liquidation of the rule of large private ownership in industry.

At that time, however, there were still neither adequate objective premises nor social forces organized in the basis of a proper program, which would give the demands of the revolutionary workers' movement any chance of implementation.

The historical transformation could be carried out only in the new political situation in which the restored Polish state was taking form toward the end of the Second World War.

The economic changes which had taken place in the Polish territories in the course of the Second World War undoubtedly played positive role in helping the new democratic authorities to take over the key branches of the economy.

The German occupation authorities had expropriated the great majority of factory, bank, and transport company owners. The industry, which had been fragmented both with regard to the structure of ownership and to the average size of the enterprises, was now consolidated in the hands of a few German concerns. The enterprises seized by the Germans were reorganized according to industry branches.

All production was ultimately subordinated to the economy and to the war policies of the Nazi state.

All these factors worked in favour of the objective premises for nationalization.

In the economic sense, the processes described here led to the rise of an economic state apparatus under a capitalist system which embraced entire branches of industry and merged them into a uniform economic organism.

From the political point of view, this meant that the national struggle

¹ Program socjalistów polskich (1878) (*Program of Polish Socialists*). Wielki Proletariat (*The Great Proletariat*). Warszawa 1949 p. 33.

for liberation waged with the Nazi invader was objectively becoming a struggle against the state as a collective capitalist.

At the same time, while striving for the restoration of their independence, the greater majority of the Polish population expressed its opposition to any attempts to re-establish the social, economic and political conditions which had existed before the war, and demanded immediate reforms which would put an end to the role of land-owners and the big bourgeois monopolies.

An organized political force with a program which would meet the vital interests of the country and the expectation of the people at large was absolutely necessary if this opportunity was not to be wasted.

The parties which composed the National Council, at the time an underground group representing the democratic forces of the people, were alone among all the political parties active during the War in the Polish territories in standing from the very beginning on the position that the working masses should take over the factories. The London government-in-exile and its home agencies operating in conspiracy did everything in their power to prevent fundamental changes in industrial ownership from being made despite the fact that their declarations referred to the need for certain social reforms.

Both the right wing of the government-in-exile (National Party, Labour Party) and the left wing (Peasant Party and the Polish Socialist Party — WRN) expressed staunchly the idea of the preservation of the capitalist system. Certain reforms were admitted within its framework. These were: an increased role to be given to economic planning, restriction of certain freedoms and initiatives of individual enterprises in favour of the state, or a partial nationalization of some branches of industry. Characteristic is the fact that the parties of "the London camp" demanded nationalization only in those branches of production in which private ownership had been abolished before the war, owing to the public nature of the services they rendered (railroads, post-office, the arms industry, gas works, power stations).

The motive behind that stand was fear that nationalization of a broader scope might create political difficulties at the moment of liberation and that it might have an undesirable effect on the results of the struggle for power with the democratic forces of the people.

The problem of social transformation in the industry formulated by the democratic left united in the National Council differed in quality from the concepts represented by the parties of the government-in-exile.

The Polish Workers' Party (PPR) played a decisive role in defining the theoretical principles of that program. In the new historic situation, the PPR re-evaluated and specified the general principles regarding the

socialization of the basic means of production which had been formulated by its ideological predecessors and by the radical groups of the people's and socialist movements.

In what way were the fundamental principles of the program which described their original and revolutionary nature expressed?

The call for the nationalization of industry was closely related to and depended on the working population's ascendancy to power.

"...without economic democracy political democracy is a fiction, an empty phrase", — the "Trybuna Wolności", organ of the PPR Central Committee, wrote in one of its editorials. "All the basic means of production must pass into the hands of the entire nation. For they must no longer serve the aim of satisfying the needs of the top strata of society. Banks, mines, large industries must be nationalized. Workers and the working intelligentsia, the direct producers, must assume control over their output"².

The democratic camp felt that the creation of a People's authority was an indispensable condition of the nationalization of industry. On the other hand, nationalization was treated as a crucial reform which laid the foundations for the future democratic authority. "The Polish Workers' Party formulates the principle of the nationalization of big industry in the November 1943 PPR program 'What Are We Fighting For?' The political authority of the nation must be linked with the economic management of national wealth"³.

Both in its program and in its conspiratorial effort, the Democratic left postulated a revolutionary course of nationalization to be put into effect directly upon the liberation of the country. With this aim in mind the National Council began to organize factory committees already during the Nazi occupation.

Their activity had immense political significance. The creation of factory committees set the frequently spontaneous resistance in the factories on a definitely political course and co-ordinated that activity. The factory committees were ideal agencies through which the National Council could organize the workers, the progressive intelligentsia as well as the engineers and technicians — people who had often been politically affiliated with the pro-London government conspiratorial organization.

The National Council assigned the committees important tasks. "The factory 'sabotage' committees organize and grow stronger in the struggle

² "Walka o demokrację" (*Fight for Democracy*), Trybuna Wolności. June 1, 1943, no 33.

³ Kształtowanie się podstaw programowych Polskiej Partii Robotniczej w latach 1942—1945 (*Development of the Principles of the Polish Workers' Party Program in 1942—45*). Warsaw 1958 p. 162.

against the Nazis. They are waging a ruthless battle against the authorities of the occupation and will come out the victors to later become the managing bodies of the factories", wrote the conspiratorial "Głos Łodzi"⁴.

During the Occupation the basic principle of the strategy of the Democratic left was that the hegemony of the proletariat was a *sine qua non* of the movement of national liberation and of the changes that were to occur in the social order after the liberation. The practical expression of this principle was the wide network of factory committees, the organization and direct participation in underground trade unions and the development of the revolutionary activity of the masses in the struggle for a new Poland.

The National Council's position on the question of the nationalization of industry differed from the solution and the concepts proposed by the London camp with regard to the scope of socialization. The Polish Socialist Party (W.R.N.) stated flatly that it was for the nationalization of industrial enterprises.

Noteworthy are the following principles which reflect the attitude of the PPR on the issue: the nationalization of industry on behalf of the People's State (represented in the first period by a Provisional Government), nationalization of all the enterprises of the key industries, vesting in the state wide control and influence over various branches of the economy which continued to be held by private owners, no strict limitation of the program of nationalization of industry would depend on the political and economic situation which would develop in the country after coming to power; combination of the incentive of the workers (rising from the lower ranks) and of state undertakings (coming from the top ranks). In recognition of this fact the factory committees were given the right to exercise control over production.

This part of the program was the object of sharp criticism by all the political parties which composed the government-in-exile.

The attacks of the extreme right of the bourgeois factions are deliberately omitted. We shall devote our attention to the objections and accusations which charged the PPR with allegedly breaking with true socialism and democracy. These allegations came from the W.R.N. and from the Labour Party. Without denying that it was necessary to conduct certain social reforms in industry, both parties nevertheless were strongly opposed to the idea of nationalization. Their criticism was motivated by the fact that, assuming the use of force by the state, nationalization would limit the freedom and development of the individual, that it would develop and strengthen bureaucracy and that it would make it impossible

⁴ Głos Łodzi. Dec. 16, 1943, no 1.

to adapt the system of management to the changes in social needs and in the production itself. The parties stated that this "anti-democratic" management of economic life would eliminate economic incentives from production planning and from the principles of distribution.

Against the nationalization formulated by the PPR, the W.R.N. proposed the concept of "the socialization of industry".

The Labour Party which launched the heaviest attack against nationalization, formulated the concept of municipal ownership, an idea known from earlier practice in Italy and Nazi Germany.

None of the above suggestions, however, aimed to introduce changes in the social conditions that prevailed in industry. Their goal was to extend the scope of the big joint-stock companies or, in cases where factories were owned by individuals, to create new public corporations under capitalists by attracting the savings of the middle and the working classes.

Apart from the economic gains, the bourgeoisie desired to discount the above discussed reform in the political war it waged with the revolutionary workers' movement. With this in mind, the bourgeoisie spread the view that owing to the diffusion of property and to the "democratization" of capital, the working class would disappear and that through the control of shares of enterprises the people would become the owners of the basic means of production.

In pre-war Poland, it was principally the Catholic circles which propagated this kind of transformation in social structure. They felt that this measure would effectively placate the mounting social conflict and that it would remove the threat of a revolution.

The concept of municipal ownership, which emerged in the years of the Occupation, was intended to oppose the program of the left with a solution that seemed more acceptable from the point of view of the interests of the individual. Actually it was yet another effort to reduce the attractiveness of the principle of socialist nationalization of which the bourgeoisie was quite understandably afraid.

The principal aim of the concepts of "municipal ownership" and of socialization, ideas endorsed by the W.R.N. and the Labour Party, was to find a most suitable "compromise" between the radical demands of the workers and the interests of the class of industrial owners, to bind the worker to property through a garden, a cottage or a share in the enterprise. Despite their surface radicalism, these ideas had nothing in common with socialism for they did not take into account objective processes, the laws of development which emerged in the new phase of social evolution.

Nationalization of industry postulated by the National Council pro-

gram was not an arbitrary solution for that revolutionary transformation but a principle which reflected specific objective laws. The high degree of concentration and of centralization of capital, the take over of many economic functions by the imperialist state (state-monopoly capital), the far-going social division of labour uniting individual branches of production into a uniform social organism directed according to plan, all these factors led to the premise that nationalization was the only form of socialization of industry possible upon coming to power.

In formulating this part of the program, the PPR adopted the right principle that the degree to which production is socialized determined in the final result the form in which property is socialized.

Both in its program and later in practice, the PPR never claimed that other forms of social ownership were not possible — such as co-operative, self-government, workers' management and others. On the contrary, the party emphasized that in such branches of economy as agriculture, the trades and commerce, which owing to the uneven development of capitalism in Poland were not yet ripe for nationalization, the forms of ownership mentioned above would be guaranteed the necessary conditions for growth.

A problem of immense importance arose when the principles of socialist nationalization were ultimately formulated. This was the problem of winning allies for the purpose of carrying through this revolutionary transformation.

The fact that the stand on the problem of revolutionary transformation in industry was right did not mean that it won the immediate support of the masses. The stand had to be made explicit and clear so that it could be understood and acceptable to social groups near to the working class as well as to the vacillating fractions of non-proletarian strata of society.

Also the Polish communists in exile in the U.S.S.R., when discussing the political system of Poland, deliberated on how to make the principle of nationalization of industry, which was under such heavy attacks from the parties in the London government, popular and accessible to the broadest masses of the population.

In the theoretical work which he wrote in exile in the U.S.S.R., Alfred Lampe, a prominent communist leader, devoted a great deal of attention to the problem of what form nationalization of industry was to take after the War and by what methods it was to be put into effect. The framework of reference was the thesis that Poland must evolve her own course to socialism.

Emphasizing that it was necessary to give nationalization a socialist

character, Lampe pointed to a series of elements which, in the first stage of the democratic revolution of the people, made the liquidation of big capital in industry a national task.

Basing himself on an analysis of the situation in the occupied territories of Poland, Alfred Lampe presented a number of specific suggestions regarding the forms which the revolutionary transformation of industry should take in the liberated country.

In this instance too he looked for solutions that would be most suitable to the specific objective condition and to the current state of social consciousness. The draft declaration he wrote in the last days of November and the early part of December 1943 for the Polish National Committee which was to be organized in the U.S.S.R. stated among other things. "...National wealth is concentrated now in the hands of the German state and powerful trusts and cartels of individual German capitalists, hence all the big industrial, trade, bank and transport enterprises, railroads and forests, this national wealth, once it is taken back from the Germans, must be protected from the depredations of speculators by immediately putting it into operation so that it may serve the interests of the people. The state guarantees that this national wealth will be the major lever of the reconstruction and growth of national economy. All enterprises which prior to 1939 were under state ownership will return to the state and local-government. Enterprises which before 1939 were owned by Germans and their allies and enterprises owned by Polish citizens, traitors to their country, will pass to state ownership. Enterprises which prior to 1939 belonged to non-German Polish citizens or to foreign capital and which were seized by the Germans during the war will pass provisionally under state control"⁵.

Alfred Lampe's theoretical works did not exert any influence on party policy owing to lack of contact with the country. Tainted by the distortions caused by the Stalin personality cult, the general political atmosphere was not conducive to the dissemination of these works among the Polish communists in the territories of the U.S.S.R.

A number of his ideas, however, which were often identical with the creative and original theoretical works produced in the territories of the country itself, found some echo in the discussions that preceded the founding of the Polish Committee of National Liberation, the first democratic People's government in the liberated territories.

The mounting crisis within the London camp and the objective conditions which were propitious to the realization of the program of the democratic camp were not a signal for the adoption of more aggressive

⁵ Development of the Principles of the PPR Program..., *op. cit.*, pp. 482—483.

principles and methods for the purpose of hastening the revolutionary process. On the contrary, under these new circumstances it was considered that winning the support of the masses for the democratic principles was most important. This was to be the first step in the campaign to gain allies who would join in the further realization of the program of socialist transformation.

The first draft of the Polish Committee of National Liberation (PKWN) Manifesto did not take full account of the demands raised by the new situation. The principle of „nationalization of industry” was included in it.

A series of new approaches and theses regarding the revolutionary transformation of industry were developed in the course of the discussions referred to here. They offered far greater opportunity for the concentration of the vast majority of the population in the nation-wide democratic front.

These theses were reflected in the new draft of the PKWN Manifesto. The principles of nationalization were replaced by the following postulates: “factory committees and individual agencies of the rising People’s authority must safeguard abandoned industrial property from plunder and destruction” and “national wealth must be protected from the eventual invasion of foreign capital”⁶.

The Manifesto mentioned the “reconstruction of the destroyed country” as the principal aim on behalf of which the industrial enterprises are to be taken over by the state. At the same time, the Polish Committee of National Liberation guaranteed to the former owners of the small and medium sized industrial enterprises which had been confiscated by the German “gradually to restore their property as economic conditions become regulated”.

The new postulates formulated by the Manifesto, which provided for solutions to the question of the industry of restored Poland, reflected specific tactical moves whose aim was to develop a series of forms and methods for taking over factories by the People’s state which would be both more accessible and acceptable to the existing balance of forces. This did not mean that the rising People’s authority would resign from taking over the key industries immediately upon the liberation of the country. The key industries would give the People’s State economic control over other branches of the nation’s economy (small businesses, commerce, agriculture). „National wealth, concentrated today in the hands of the German state and in the hands of individual German capitalists, hence

⁶ The PKWN Manifesto of July 22, 1944. See “Constitution and the Basic Legislative Acts of the Polish People’s Republic”. Warsaw 1952.

big industrial, commercial, bank and transport enterprises as well as forests, will pass to the provisional management of the state..." the PKWN Manifesto stated⁷.

We have stated earlier that the Nazi occupation authorities had taken over all big industry and a huge proportion of the medium sized enterprises in the territories of Poland. That is why the principle which provided that the organs of People's authority were to safeguard property abandoned by Germans meant in effect that the fundamental branches of industrial enterprises would be nationalized before this act had been formulated by law.

Resignation from the principle of "nationalization" protected the PKWN from the risk of failure to win the support of small owners, including the peasants as well.

These tactics, which had taken account of the new objective situation and of the evolution taking place in the social consciousness, had aggravated the conflict between the political leadership of the parties of the London camp and of the left wing parties and political groups which did not declare their accession to the National Council and the goals and moods of their rank and file members. Beginning with 1944 there is a growing number of cases of the lowest levels of the pro-London underground organizations co-operating with the individual factory centres. There were also cases in which entire groups bolted their parties and went over to the position of the democratic camp organized in the National Council.

These cases were most frequently noted among workers where the employees co-operated in taking over and in securing the factories.

In the final phase of the occupation, the political leadership of the London camp still tried to cut off the people from the preparations made for the revolutionary transformation of industry. This policy could not bring the desired results owing to the rapidly growing desire of the people to take an active part in decisions concerning the future of their country and in the approaching social transformation.

When the Red Army entered Polish territories in the summer of 1944 and when the first democratic government was set up in Chełm, the London government underground organization developed new measures by which it wished to gain control of the spontaneous desires of the masses. Finding that it could not openly resist the revolutionary demands of the workers, it invoked the workers to take over factories and industrial enterprises asking them to fulfill one provision that is complete subordination to the "one legal authority" residing in London.

⁷ Ibid.

The effort to gain control of the revolutionary strivings of the working class proved ineffectual. "A far-reaching reconstruction of society is a historical and irrevocable necessity", the leadership of the Home Army (AK) deplored⁸.

The main source of the political situation which proved so difficult for the bourgeoisie to cope with was, as it was forced to admit that, "... the idea of the nationalization of the big work-shops, of mines, large banks and transportation and the radical land reform caught the imagination of the masses with a force that can be compared to the earlier religious ideas"⁹.

Thus the creation of the first democratic government, the Polish Committee of National Liberation, on July 22, 1944 marked the beginning of the historical socialist development of Poland and exposed the bankrupt policies of the London government and camp which now found itself at the crossroads.

* * *

When with the defeat of Nazi Germany the Polish Army and the Red Army entered the territories of Poland, workers organized in factory committees, in their concern for their places of work, arrived at their posts without the assistance of the state, without the necessary engineering supervision, without a salary or labour contract.

Many factories remained intact thanks to the vigilance and the courage of the factory committees who sabotaged the dismantling and deportation of machinery, who often at gun point protected the factory from being blown up, who concealed and preserved for Polish industry many implements and raw materials and who rescued many experts from deportation to Germany.

There were instances when the attitude of the most conscious individuals decided the ultimate fate of the factories. These true heroes rushed to man the mine pumps at the critical moment in order to save the mine from inundation, they operated the power stations which kept industry running by forestalling power failure, they tapped the blast furnaces to prevent them from freezing.

In many instances the tasks of the factory committees and of the workers extended far beyond the job of securing the installations and the warehouses.

⁸ Referat o sytuacji Polski na tle polityki międzynarodowej X 1944 — I 1945 (*Paper on the Situation of Poland Set Against the Background of International Politics*. Oct. 1944 — Jan 1945.) Archives of the Institute of the History of the Party. 203.

⁹ Ibid.

Defending their factories, the workers at times were involved in armed conflict with the Germans who occupied the factories to the end owing to their strategic significance. In some areas (the Bielsko, Rzeszów and Łódź districts), detachments of Soviet troops and of the People's Army as well as armed PPR units supported the action of the workers.

The power of the movement which embraced all industry lay not only in the heroic attitude and in the actions of individual working men or even entire factory crews, but above all in its revolutionary scope and in its comparatively large numerical strength (large for that period). To take the example of the coal industry of the Dąbrowskie and Upper Silesian Basin, over 90 per cent of factories had factory committees and over 2500 persons took part in safeguarding and protecting the industry's plants.

The initiative that came from the low strata of the working class and with which a substantial proportion of the patriotic engineering personnel cooperated in individual cities and industrial centres was not limited to the protection of their own mine, foundries or factories.

In many cases the workers in large industrial complexes, who were ordinarily well organized, helped to protect shops abandoned by the Germans, of workshops and warehouses and organized agencies of the new state administration, the municipal administration of their city etc.

The principal factor which determined that the revolutionary transformation of Polish industry evolved in the right direction was the fact that in the period when the country was liberated the motor power, the organizers and the leaders of individual teams in the preponderant majority of the factories were members or entire organizations of the Polish Workers' Party and co-operating left wing activists of the Polish Socialist Party. This activity was at the same time supported by the National Councils, the revolutionary and democratic organs of regional authorities which emerged from the underground, and by the state agencies and institutions which were created almost immediately after the liberation, including the state economic administration.

The fact that the working class quickly, and at times with immense celerity, passed to the positions which the democratic People's camp occupied with regard to the socialization of industry, signified that in view of the first events which transpired in the liberated Polish territories, a sizable section of the population was convinced that all the concepts, programs and declarations which had been made during the war by the parties of the London government-in-exile were not realistic, and that these parties had a negative attitude toward the revolutionary changes which were taking place in the country. Although the Polish Committee of National Liberation had, for the purpose of putting into effect

the principles that called for the liquidation of big capital monopolies, made use of the support of the vast majority of the working class and of a substantial section of the workers of Poland, it formulated the revolutionary transformation program in industry in such a manner as to make it a nation-wide program and so as to win the support of the majority of the population.

The motives which led the individual teams of workers and groups of industrial employees to take over possession of industrial plants were many and varied. Next to elements who were politically conscious and who recognized nationalization of industry as the basis for the ultimate victory of socialism, there were also patriotic elements which did not yet possess this political awareness. Objectively these motives led in the same direction.

The factors which determined the policies of the People's authority in this area were the desire to avoid civil strife and maintenance of close ties between the forms and the phases of nationalization of industry and the mood of the people.

Toward this end, the scope and rate at which the key economic branches were to be nationalized were established precisely, and the attitude toward private business, which was guaranteed a wide field of action by law, was defined.

Quite often the attitude of state authorities in the issues mentioned here set straight again the course followed by some working class groups which aimed at the nationalization of the middle sized and small shops, or demanded that factories be confiscated and no compensation paid.

Owing to this fact the struggle to secure and put the industry into operation became the important component element of the general political struggle for power and of the developing socialist character of a state of People's democracy.

In consequence of the initiative and activity of the lower strata of the masses, which was supported by the top level activity of the rising revolutionary authority, private capital disappeared from industry.

In this respect the nationalization of Poland's industry was socialistic in character and identical in its social and political substance with analogous revolutionary act which had been performed by the Russian proletariat ("The rule of the proletariat is reflected above all in the question of ownership". V. Lenin).

The restored country of Poland represented a type of state basically different from the bourgeois democracy. Poland was a People's democracy. Although not yet socialist in nature, the democratic authority of the People, which developed directly after the liberation of the country, enabled the people, on the one hand, to take over the factories as the

property of the nation while on the other hand it was not without influence on the process of nationalization and the methods by which it was conducted.

The nationalization of industry was actually accomplished in the first phase of revolutionary transformation in the country when the primary issues were the liquidation of German fascism, the restoration of independence and the implementation of a series of reforms of the democratic revolution. The revolutionary forces had to take into account the specific solutions related to the rate, form and scope of the nationalization of production.

The vast majority of industrial enterprises were nationalized not by dispossessing former capitalist owners, but as a result of a number of objective conditions, namely of the Nazi policies and of the specific situation which developed owing to the absence of owners. It could have been carried out under circumstances in which the class forces were balanced in a different manner than they were in the socialist revolution.

Industry was nationalized at a time when hostilities were still continuing over the entire country, in the face of immense obstacles and economic chaos caused by the long years of occupation. These factors slowed down the introduction of new forms of organization in industry and the development of truly socialist principles of management.

Consequently, the factories, foundries, mines and industrial plants which were taken over by the working class in the days of liberation, constituted at first only a nucleus of the new socialist system. But as the political power of the working class became established in the country and as the general economic conditions of life became more stable, the system grew and became consolidated, paving the road at the same time for continued revolutionary development in Poland.

It must be pointed out that despite the lack of precision in which theoretical evaluation of the nationalization of industry, a fact which is understandable in view of the heated atmosphere of those days, the People's authority nevertheless took a correct view of the specific nature of the transformations which were taking place in the country. Owing to this fact the key branches of the economy were nationalized comparatively quickly and the changes affected in the former economic structure of the country went much deeper in Poland than in other European countries which nationalized their industries after the liberation from Nazi occupation (Czechoslovakia, France, Hungary, Rumania and others).

This is reflected, among other things in the economic principles of state policy adopted shortly after the liberation, which may be reduced in the following three basic points:

1. Concentration of the key branches of the national economy (banks, railroads, big industry) in the hands of the democratic state
2. Admission of private ownership to participation in production and trade irrespective of social derivation and degree to which it was tied up with capitalism
3. Control and regulation of private capital (by introducing elements of state capitalism, organization of cooperatives, credit and tax policies) in order to subordinate it to the interests of democratic economy.

Industry was the key to the realization of the adopted economic program.

The fact that the state owned the key branches of industry meant that a potent instrument of influence of the country's economy and that the consolidation of the political positions of the working class, which was the main social force of the country and the backbone of the new authority, were all concentrated in one controlling centre.

It was recognized that the decisive factor which protected the system of People's democracy from the element of small shop keepers and capitalist economy and which enabled it to affect the remaining social and economic system was the fact that the working groups gained industrial plants, that production was started up quickly and that an apparatus of economic administration was set up.

Making a more precise prognostication of how the three systems would be inter-related, it was pointed out that the peaceful process of the construction of socialism will evolve gradually on the basis of nationalized branches of industry.

* * *

The key to the solution of the whole range of complex issues that arose when the country regained its independence was the creation of lasting foundations for the functioning of the economy. A minimum of material conditions necessary to maintain a population exhausted by the Occupation; the victorious conclusion of the conflict with the Nazi invader, uniting all the areas of the country into one homogeneous state organism and healing of the most severe wounds inflicted by the war; finally, passing into motion the necessary economic instruments and levers in order to direct the planned reconstruction and economic development: all these rested on such a basis. Both the scale of the tasks to be performed and the magnitude of the effort which had to be made, become more comprehensible if we bear in mind the losses suffered by the country in the period of the war and the years of the Occupation.

First of all there were the heavy casualties amounting to 22 per cent of the Polish population living within the state boundaries prior to September 1, 1939 (6 mln.).

The general value of war destruction was also very great. Poland's national wealth was reduced by 38 per cent. No other country had suffered like this. In France the war destroyed 1,5 per cent of the national wealth, in Great Britain 0,8 per cent. The destructive influence of the war on the national economy is reflected by the level of national income. In 1945 the national income of Poland was by about 25 per cent below that of 1937. This was a bigger loss than that noted in any of the other countries which took part in the war.

In industry, of the 30 000 plants inventoried in the middle of 1945, 19 500 were destroyed during the war, this number included 35 per cent of the buildings, 52 per cent of the power installations, 45 per cent of the engineering installations. Exploitation by the occupant, the hasty removal of the machinery to the Reich stripped the factories of much of their equipment.

A large proportion of the factories suffered an acute shortage of raw and auxiliary materials.

The war drained off from industry a sizable number of skilled Polish workers, technicians and engineers.

All effort to organize the purchase and delivery of the materials indispensable for production was paralyzed by the disastrous transport.

The disorganization of the distribution network caused an acute crisis in the sales of enterprises which had already put their production into operation.

The low calibre of management personnel in industry, who were often appointed by a hit or miss method in the days of the liberation, made it still more difficult for the economy to extricate itself from the general impasse.

Industry began to operate lacking the necessary funds which would enable it to start normal production. Not in all cases were the materials, semifinished products and raw materials left behind by the Nazi occupants taken over by industry; many of the warehouses were looted.

Those who reported for work began to suffer shortages in food supplies. This had a decisive influence on the dynamics of production as a whole.

As the facts above illustrate, Poland came out of the war not only with a reduced economic and manpower potential but also with its economic apparatus completely disorganized. With the liberation of the country it was immediately necessary to organize the basic elements of the economic organism of the country, such as the market, money and administration. The difficulties raised by the tasks mentioned above were manifold because the old social system in which they were to be realized was not to be reconstructed but was to be structurally rebuilt.

The revolutionary transformation which took place while the factories were being safeguarded and taken over by the working crews created premises for the development of new economic relations.

One of the most urgent tasks in the economic field was to develop proper forms of co-operation between the factory committees and the new industrial management, forms which would make permanent the initiative and activity of workers released in the first days of independence, to establish their sense of management and to make it the basis of the new relations in the rationalization of industry.

This was reflected in the decision of the PKWN regarding the organization of a three-person provisional management of factories.

According to the instructions of PKWN, the provisional management was composed of the chairman, i.e. the director of the factory, and two other members, one a representative of the local authority (national council) and the other a delegate representing the factory council. In this manner the board of directors would have composed of a professional — represented by the director — a social factor — representing the interests of the workers — and of the political factor which moved the work of the collective in the same direction and toward the same goals as the national economy.

The principle of a triumvirate in the board of directors did not restrict the considerable rights enjoyed by the factory director. The two remaining members of the triumvirate exercised the right of social spot control of the over-all activity of the enterprise and took part in developing the general principles of its future work.

When evaluating today the role of the provisional workers' managements and of the factory committees and their part in creating a new system of management of nationalized industry, it must be stated that, taking account of the circumstances in which they were formed and worked, they fulfilled their duties well.

In making the decision which provided for the wide participation of the working class in the direct management of industry, a decision reflected in the principles of organization of the provisional factory board of directors and in the broad powers vested in the workers themselves, the PKWN took two matters into consideration: the political maturity of a substantial proportion of the working class, especially in the final stages of the war and the necessity to place industrial production under the control of the workers as the most effective safeguard against any eventual sabotage by former factory owners or by their economic apparatus.

Creating institutional safeguards for the influence of the working class on the fate of the factory in the form of resolutions about provi-

sional management and the directives regarding factory committees, both the PKWN and later the Provisional Government did not consider these moves as final and complete principles of industrial organization but above all as a political organization of the proletariat in the struggle for an immediate take over and operation of the property of big capital.

The factory committees were considered a political support of the rising People's authority whose first duty was not to allow former owners or their plenipotentiaries to occupy the factories abandoned by the Germans, to create democratic enterprise management and then to prepare conditions for the nationalization of big and medium industry.

In order to carry out this task it was necessary to unite the proletariat of all the factories and shops in one class organization. That is why immediately after the liberation a wide program was launched to subordinate the factory committees that had been established in industry, the factory councils and the work brigades to one central organization, the trade unions. Thanks to the serious effort of elucidation and organization conducted by the union activists in the majority of the mines, foundries and factories, the workers' councils were soon elected.

As soon as all the factories and shops passed into the hands of the workers, and as soon as the decisive majority of engineers, technicians, foremen — following the example set by the workers — applied to work, the issue of a homogeneous organization, of a vigorous system of management of industry as a whole, and a subordination of industry not to the interests of individual factory teams and collectives but to the general tasks of national economy, took a position of priority.

At the close of February 1945, the Ministry of Industry, through the central managements and industry boards began to transform the provisional managements and to subordinate them to the factory board of directors, while the Central Commission of Trade Unions submitted to the government a decree about workers' councils. The draft decree concerning the councils was developed in the early part of 1945. The draft took account of the experience gained by the factory committees and the provisional workers' managements in the first six months and provided, among other things that "the principal role of the councils will be to exert direct influence and to participate directly in production where workers and enterprises will be factors of equal value"¹⁰.

The Secretariat of the Central Committee of the PPR was of an opinion that the participation of the trade unions in the management of industry ought to take the form in part of cooperation in working

¹⁰ O udziale związków zawodowych w kierowaniu przemysłem. (*Trade Unions and Their Part in Industrial Management*). Cat. no IV, W. O.

out production plans and constant control of the board of directors by the workers.

The decree concerning factory councils issued on February 6, 1945 (published on March 20, 1945) was put into force three months after its promulgation.

The decision was influenced by a number of incidents of willful insubordination, lack of responsibility for the production or rash aggressiveness on the part of some factory committees in their attitude toward the board of directors.

The state authority's main effort was directed toward strengthening the position of the one-person management of industry.

Serious difficulty was encountered in factory management owing to the fact that there was no decree regulating the activity of the factory councils.

Evaluating the situation in industry of the entire country, the Secretariat of the Central Committee of the PPR pointed to the evil political consequences of this state of affairs. In the resolution issued to party organizations we read for example: "The Secretariat of the Central Committee states that the political line of the party, as it regards the character and the role of the trade movement, was distorted by a number of organizations and responsible party activists so that the trade unions were transformed into an appendage of the state economic organization" ¹¹.

Soon after the resolution, on May 20, 1945, a decree about the factory councils went into effect. The decree again raised the definition of the role of trade unions in socialized industry as a matter which called for prompt practical solution.

These resolutions closed the first period of revolutionary social transformations, in consequence of which the big and medium industry in the area of the former Polish territories passed into the hands of the people.

The sporadic effort to return the factories to private ownership which was made in the summer and autumn months of 1945, directly upon the arrival of Stanisław Mikołajczyk, the former premier of the government-in-exile, and his creation of the opposition Polish Peasant Party, both indicated that, although the working class had ascended to power and although it had in fact taken over industry, the bourgeoisie did not give up the struggle for the restoration of the former system of ownership, the restoration of the old capitalist conditions.

¹¹ Ibid.

These efforts were facilitated by the absence of legislation which would legalize the social and political changes which took place in the course of the revolutionary transformation of industry, there was no Nationalization Act.

Taking account of the demands of factory teams, the Polish Workers' Party and the Polish Socialist Party proposed at the end of 1945 that a statute providing for the nationalization of industry be passed.

Taking the initiative of the legal sanction of the revolutionary social transformation which occurred in industry, the democratic camp stood on the ground that nationalization, as an expression of specific historical processes, of political and social and economic changes which took place in Poland after the war, is an institution of internal law, constituting a function of state sovereignty. The view of the parties of the democratic camp was that passing of the statute providing for the nationalization of industry constituted the basis of further normalization of political, economic and property relations in the country and was an important factor in establishing and making durable the political achievements of the working masses.

The draft statute on nationalization, written by decision of the Polish Workers' Party and the Polish Socialist Party, was based on the following principles:

1. All former German property passed to the state by way of confiscation
2. Enterprises of the key branches of the national economy, employing over 50 workers for each shift, were taken over by the state with compensation
3. The state handed over to the local government or to co-operative management all industrial enterprises which were based principally on local raw materials and whose output was earmarked for local needs
4. Enterprises which in the days of liberation were placed under provisional state management and which by the provisions of the law were not subject to nationalization, were restored to their owners.

The legal opposition at home, principally the Polish Peasant Party and the Catholic Church, supported by the reactionary forces on the underground and by centres of foreign capital, opposed decidedly the passing of the law of nationalization.

The reactionary camp adopted a most singular tactic. It did not openly deny the need for the regulation of ownership relations in industry, although an attempt was made to postpone the Parliamentary decision until some later date. It did not reject the principle of collective management of the basic means of production, but it rejected nationalization "only" as a form which socialization was to take, proposing half meas-

ures which would not violate capitalist social relations such as "popular ownership" or what was called "municipal ownership by the masses".

Without taking a direct stand against the working masses in their striving for the permanent ownership of factories and industrial enterprises by the state, reactionary propaganda, nevertheless, tried to strike fear into population by presenting the undesirable economic, moral and political effects of the reform.

"... The people do not fully realize the historical significance of such measures as nationalization of industry", the Father Jan Piwowarczyk warned in the "Tygodnik Powszechny", "These changes do not occur on the margins of the economic system but are structural in nature. In five to ten years they will give a picture of a different Poland. These changes will reach deep into the cultural life of the nation, changing its spiritual climate. Such fundamental changes should not be made without thought..."¹².

The principal opponent of the statute within the National Council was the Polish Peasant Party.

The offensive was directed principally against two points of the statute. These were: the scope of nationalization provided for by the draft statute and the proposed principle of compensation for the property taken over by the state.

The Polish Peasant Party demanded that the quota of employees be raised to one hundred. In practice this would mean that about 40 per cent of the enterprises subject to nationalization and employing a total of 100 000 people, would remain in the hands of the bourgeoisie.

Bearing in mind the concrete structure of Poland's prewar industry namely the very uneven degree of concentration of the individual branches of production, it becomes clear that the Polish Peasant Party project would automatically exclude from nationalization almost the entire electrotechnical, tanning, leather, lumber, ready made clothing, textile and paper industries. To all practical purposes the state would then be unable to rebuild an economy which would take account of the national needs of the country.

By opposing nationalization of medium-sized enterprises, the opposition wished to "rescue" the private property of native capital from nationalization (foreign capital was involved principally in the big industry), putting in its hands an important weapon of economic struggle against the rising People's authority.

Attacking the proposals that the state pay a compensation to the expropriated industrialists, the Polish Peasant Party opposition appeared

¹² J. Piwowarczyk: *Upaństwowienie (Nationalization)*. Tygodnik Powszechny. Jan. 1, 1946, no 15.

in the guise of the people's defensive against "the tribute that the principle of the statute was pointed out and the sums of the eventual compensation were deliberately exaggerated. They were presented as an insurmountable obstacle in the reconstruction of the country.

Actually, however, the charges were in no way related to the intentions of the statute. For the draft did not provide for compensation for the nationalized industrial enterprises found in the Regained Territories and of German property found in the former territories of the Polish state; of joint stock companies controlled by German capital or of enterprises which were surrendered to the Germans during the war; of enterprises belonging to persons who fled to the enemy and of what was called abandoned property whose proprietors or their direct heirs had died in the war. Only about 1/3 of the enterprises subject to nationalization were entitled to compensation.

What then were the real motives of the proposed principle of compensation?

The legislators took account principally of the social and political conditions in which nationalization was being carried out. "... The formulation to take over for compensation is valid", Aleksander Zawadzki, the Governor of Śląsko-Dąbrowskie Province, said at this historic session of the National Council, "because the masses of the people, yielding up the authority in their hands, are affecting profound changes in the social and economic life of the country through their legislative organ, by legal means, because they have chosen the peaceful road to these transformations..."¹³.

By agreeing to pay a compensation to foreign capitalists, the government wished to knock the argument out of the hands of the reactionary and anti-Polish centres in the West, that Poland was violating the principles of international law, and to establish economic and political relations on an equal footing with all countries.

"... Rejection of compensation would worsen the situation, would frustrate our economic relations with the West, and would constitute a pretext for the economic isolation of Poland..."¹⁴ the draft statute presented by the Minister of Industry stated.

The Peasant Party wished to involve the western powers directly in the fight against industrial nationalization. Unable to marshal adequate forces against nationalization in the country, the party looked for support among the most reactionary centres abroad in order to complicate

¹³ Minutes of the 9th Session of the National Council, Warsaw 1946. P. 427.

¹⁴ Ibid.

Poland's international situation and to cause the reform to be put off by way of external pressure.

The PPR and the Polish Socialist Party stood firmly on the ground that an equivalent should be paid out to former factory owners, but in such sums, forms and terms and under such conditions as would not hinder the reconstruction of the country and the development of the entire economy.

The principle was fulfilled by the People's State which in consequence of bilateral treaties negotiated over the past twenty years with the development of Poland's international relations, all the outstanding sums to which foreign owners were entitled when their property was nationalized.

The efforts of the reactionary forces in 1945 failed also to change the scope of nationalization as it was postulated by the democratic camp.

On the basis of the law of the nationalization of the key branches of the national economy passed on January 3, 1946, the state took over 3897 enterprises which constituted the foundation of Poland's national wealth.

Opposing the nationalization act adopted by the National Council, the Polish Peasant Party tried to present it as a premature measure which satisfied only the "Marxist dogma" and not "the real interests and needs of the Polish people...". "The PPR demanded nationalization of industry because that was indispensable to its political plans: the liquidation of classes and the development of a communist society", the *Gazeta Ludowa* wrote. "We, Peasant Party members do not look to these canons, we are more down-to-earth and, to tell the truth, the happiness of humanity a thousand years hence is of little interest to us" ¹⁵.

Later events proved that the pessimistic prophesies of Mikołajczyk's "realists" were wrong. Things worked out in this way because the nationalization of industry was not a reform imposed by arbitrarily established political plans, but reflected the objective validity of the development of a contemporary society.

The successful nationalization of industry had an enormous and lasting importance and influence on the further evolution of Reborn Poland.

The state of People's democracy gained the power to exert direct and planned control over the basic branches of the economy. With these key

¹⁵ Piotr Dąbrowa: *Dogmaty marksistów, a chłopskie spojrzenie na świat. (Marxist Dogma, Peasant World Viewpoint)*. *Gazeta Ludowa*. Dec. 19, 1945, no 46.

positions as the foundation, it could now influence the remaining spheres of the nation's economy.

Because the nationalization of industry had followed as a consequence of the revolutionary transformation of society, it gave the People's masses an opportunity to take a part in managing the country's economy. It stimulated the enthusiasm and energy of the factory workers who felt that they were actually the managers of nationalized industry.

As the nationalization of industry made it possible to unite and to make rational use of the enormous social power and the material wealth of the nation, it created premises for the rapid reconstruction of the country, for the wide development of its productive power, and for raising the material and cultural standards of the working masses.

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