Poland is the only country in Eastern Europe that is attempting to rush from a command-and-control economy to a free-market economy. All the other countries have chosen a gradual transition. My prediction is that Poland will not make it. I base my prediction on sociological, psychological and political factors as well as economics. This broader perspective is a long way from American neoclassical economic theory, on which the “jump now” advice to Poland is based.

Jump-now economics assumes that Poles are good people held down by bad institutions and that if the institutional overlay of controls is scraped away, their innate qualities of entrepreneurship and industriousness will assert themselves. Thus subsidies have already been slashed, the zloty is now convertible, industries are being privatized, bankruptcies are permissible, prices are being freed to respond to the market, and so on.

Massive inflation and unemployment have followed these changes. Neo-classical economists call them the short-term costs of adjusting. Soon, champions of the jump predict, the market incentives will work. People will find they must work harder; managers will have to be more innovative, and so on throughout the economy. This in turn, will increase production, bring prices down, and show the world the merits of the free-market.

Neo-classical economists assume people will respond quickly to the changing conditions in which they find themselves. But people respond slowly and partially. In Poland, people have deeply ingrained habits of working inefficiently, of using time at work to shop for goods or produce illicitly on the side. Even in the United States we have a hard time taking a 50-year old steelworker and turning him into a computer programmer. Imagine the difficulty of taking thousands of Polish Communist Party bureaucrats and making them into productive workers. At best, it will take years.

Poles are enamored of the “American” way of life - as depicted on television - but by this they mean a high standard of living, not what is necessary to achieve it. When a McDonald’s restaurant opened in Yugoslavia, which is more Westernized than Poland, 40 percent of the workers quit within the first few weeks, saying the work was too hard.

Then there is the infrastructure problem. Poland has little of the financial and communication services a modern economy requires. It has a banking system that is used to dealing almost completely in cash and is only beginning to develop a checking system. Almost everything else is backward, from the telephone systems to the ports. True, bottlenecks are an effective way to spur development, but there are so many bottlenecks in Poland that it may take a decade or more just to develop a semi-modern infrastructure.

The recommendation to jump into capitalism can generate the most dangerous form of sociological dynamite - crashed expectations. Polish hopes were out of kilter to begin with, building on the simplistic assumption that political freedoms can insure economic success. They were based on the faulty assumption that Poland can quickly reach a Western standard of living. These misconceptions are further fanned by the promise of the fruits of capitalism once Government interventions and controls are slashed.

But the brute fact is that whatever Poles do with their $1,920 per capita economy, even if they somehow double it - a feat that took the United States a generation to do in its best
days - they will still be a long way from Americans’ $18,543 per capita income. We need to do all that we can to moderate the Polish people’s expectations so they will steel themselves for the long haul ahead.

Massive Western aid could delay the sociological explosion somewhat, especially if it is aimed at providing massive amounts of consumer goods. This would create the illusion that the transition is working quickly. But unless we are willing to shore up the resulting heightened expectations will still larger amounts of aid, grants, loans and credits, all we shall achieve is a delay in Poland’s day of reckoning. The Poles will eventually have to scale down their expectations to levels they can provide, and those will be quite meager for a long time.

The specifics are impossible to foretell, but the main predictions stand out: No country can jump from Communism into capitalism. Poland will have to slow down its transition to a market economy. If it does not, frustrations will increase. Discontent already has some people in Poland urging that Lech Walesa become a dictator. We can only help the Poles if we stop fanning their dangerously unrealistic expectations.