

# Poland: The Main Determinants of Socio-Economic Development

© Elżbieta MAĆZYŃSKA

Warsaw School of Economics, Warsaw, Poland

[ela4@wp.pl](mailto:ela4@wp.pl)

Prospects for the further civilizational development and success of Poland have their source in the characteristics, quality, and dimensions of Poland's socio-economic potential, which still remains inadequately used. The progress made during the over twenty-year long transformation of the economic system and the implementation and strengthening of the market economy clearly shows Poland's great capacities in terms of the economy and the intellectual base. This is clearly reflected by statistics. The recent global recession, which Poland managed to avoid as the only country in the European Union, has paradoxically emphasized Poland's economic advantages.

Unfortunately, this situation is often perceived as an outlier rather than a manifestation of the growing power of Poland's economy, which is evidenced by many comments on the topic published, among others by international research centres. Of late, however, more and more opinions have been appreciative of the deeper foundations of Poland's success. One example is a recent comparative study carried out by IHS Global Insight, which shows that Poland did not give in to the global recession and, being the largest country among the new EU members, represents a relatively strong economic potential. The strength of Poland's economy is not, however, popularly acknowledged, especially since the term "polnische Wirtschaft" was historically used in a pejorative sense, implying Polish mismanagement. However, this term is gradually growing obsolete for many reasons, mostly related to the characteristics, quality, and size of Poland's socio-economic potential. To date, this potential has not been properly used, which also testifies to the substantial scale of the untapped reserves.

## *Introduction*

Under conditions of massive turmoil in the global economy and increasing manifestations of the economics of impermanence, it seems extremely risky, or even irresponsible, to offer any predictions, especially for events decades ahead. One has to take into consideration the rising incidence of Taleb's "black swans," i.e., phenomena which are commonly believed to be impossible to occur (Taleb 2007).<sup>1</sup> The complexity of this issue has been proved, among others, in the debate "What economists think about the future" (Kleer, Maćzyńska, and Wierzbicki, eds. 2009, pp. 72–98). Due to the unprecedentedly dynamic technological development as well as and technical, economic, financial, social, and political innovations, the world economy is becoming increasingly unstable and "moveable," while successive waves of innovation lead not only to desirable "creative reconstruction" or creative destruction, but also to the kind of destruction that produces irreversible or difficult-to-reverse, far-reaching social, economic, environmental, and spatial consequences,

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<sup>1</sup> "Black swan" is a term coined by Lebanese philosopher and mathematician Nassim Taleb.

radically changing the situation of people, enterprises, institutions, and whole countries. These turbulent changes call for profound reflection on creativity and destruction in the economy. This is all the more important since, in spite of various global initiatives undertaken to mitigate the disproportions and distortions in the economy, so far no country can boast a fully satisfactory and lasting solution to these problems.

The first decade of the 21<sup>st</sup> century will go down in economic history as a period of unusually sharp disagreements as to the role of economic theory and socio-economic policy in the face of the mounting, hardly solvable problems of global proportions—the Gordian knots of the contemporary world. A particularly serious issue is the state of punctuated equilibrium in various fields of life and the resulting dangers for the sustainable, harmonious development of the world. While economists do not fully agree as to the hierarchization of particular threats in terms of their gravity and as to their exact nature, they tend to concur that the most dangerous are the demographic ones, resulting from the extremely rapid growth of the world's general population coupled with the falling birth rates and the dynamically accelerating process of population aging in the developed countries. This, in turn, has an adverse effect on civilizational progress. Hence, the decisive importance of socio-economic policy, which is a derivative of the adopted framework of the socio-economic system. Systemic issues continue to give rise to disputes, primarily pertaining to the role of the state in the economy, but also to the role of particular economic theories or schools in shaping it. Admittedly, controversies and discussions on this subject have been going on since time immemorial, but recently they have become spectacularly heated (What Went Wrong..., 2009). The titles of publications devoted to this subject speak for themselves, proving the dysfunctionality of economics in solving major social and economic problems (Krugman, 2008, 2009a; Lucas, 2009; Cochrane, 2009; Leith, 2009; Gomulka, 2009; Skidelsky, 2009).<sup>2</sup> Currently, we are witnessing a difficult and very controversial debate about the necessary changes in the role of 21<sup>st</sup>-century science, business, and politics in solving the major problems of the contemporary world.

It is assumed in this paper that attempts to deal with these issues face barriers arising from the fact that the socio-economic policy has not been well adjusted to the challenges resulting from the ongoing global civilization breakthrough, which is reflected in the industrial civilization being superseded by a new economy and its new, still undefined model. Thus, as the underlying causes of the difficulties in

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<sup>2</sup> Paul Krugman (2008) simply asks “How did economists get it so wrong?,” pointing to the dangerous syndrome of casino finance, the shadow banking system, and the ensuing “return of depression economics.” In his book under the above title, he analyses the financial crises that have unfolded in the global economy in the last dozen years or so and puts the blame primarily on the neoliberal doctrine and on advocates of the so-called “Chicago School” (see also: Krugman 2009b). While this view of neoliberalism and the Chicago School is heavily criticized or even rebuked by many academics and non-academics alike, it is nonetheless defended by others, including Robert Lucas (2009). A particularly harsh reaction to Krugman's views came from a Chicago School economist and Professor of Finance John H. Cochrane, and indeed Krugman is often said to profess blind and indiscriminate faith in state interventionism (see also: Leith 2009). In Poland, Stanislaw Gomulka (2009) has joined the debate in a similar vein. However, some other Nobel Prize winners also criticize neoliberalism, Joseph Stiglitz and George Akerlof among them. The various economic disputes have made it apparent that no theory is better than others. As Professor of Economy and Member of the British House of Lords Robert Skidelsky aptly put it (2009): “Chicago School economics has never been more vulnerable than it is today—and deservedly so. But the attack on it will never succeed unless policy Keynesians like Krugman are willing to work out the implications of irreducible uncertainty for economic theory.”

satisfactorily resolving socio-economic problems are unconventional, they also require unconventional strategies. However, the undertaken actions are predominantly typical of the passing industrial model (Toffler & Toffler, 1996; Beck, 2002; Toffler, 2003; Rifkin, 2003). “Marx would have a good laugh”—thus Italian philosopher Antonio Negri comments on these phenomena, adding that “*the funny thing is that when the world is changing, we stick to models from 100 years ago. Financial capital leads to a new accumulation, and so to new social differences and the new poor, while joint stock companies embody the communism of capital*” (interview with A. Negri, 2010). But the politicians and managers who are trying to find a remedy pay insufficient attention (whether consciously or not) to contemporary trends in the global economy resulting from the civilization breakthrough. The effectiveness of undertaken actions is determined by their adaptation to the conditions of the breakthrough, the civilization of knowledge, and the related new requirements. This also applies to the model of the economic system. These issues are not adequately reflected or appreciated in the global or local socio-economic policies. This has been confirmed both by research and by expert debates, which have shown that meeting the most pressing challenges of the 21<sup>st</sup> century will require close cooperation between scientific communities, politicians, businesses, and governments. A leading participant in this debate, Dennis L. Meadows, who co-authored *The Limits to Growth*, argues that “*we could discuss solutions to problems of the future at will, but if we do not act differently than in the past, nothing is going to change*” (Science..., 2009)<sup>3</sup>.

Under such conditions, a civilization of knowledge does not become synonymous with a civilization of reason and wisdom. The past experiences of the global economy show a significant dichotomy between knowledge and wisdom. The main challenge is thus to counteract this dichotomy. In the case of Poland, this challenge is twofold. First, it is necessary to catch up with more developed countries in terms of R&D investment and, second, to intensify the rational implementation of the globally available knowledge resources with a focus on socio-economic welfare. To meet this challenge, Poland’s unused development potential must be activated, which is also a prerequisite for the elimination of barriers to development. But knowledge alone is not enough; the other key element is strategic wisdom. What is also needed is some futurological reflection free of the ubiquitous short-termism, or the prioritization of short-sighted objectives.

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<sup>3</sup> Such assumptions also gave rise to a debate organized by the Max Planck Society and Siemens, with prominent scientists, politicians, and the world’s leading businessmen in attendance. The debate centred on the question of how science, business, and governments should cooperate in finding solutions to the problems generated by climate and demographic changes and by progressive urbanization (cf. *Science, governments and business working together...* 2009, “Towards a sustainable future...” 2009).

## *Poland's unused potential*

Prospects for the further civilizational development and success of Poland have their source in the characteristics, quality, and dimensions of Poland's socio-economic potential, which still remains inadequately used. The progress made during the over twenty-year long transformation of the economic system and the implementation and strengthening of the market economy clearly shows Poland's great capacities in terms of the economy and the intellectual base. This is clearly reflected by statistics. The recent global recession, which Poland managed to avoid as the only country in the European Union, has paradoxically emphasized Poland's economic advantages. Unfortunately, this situation is often perceived as an outlier rather than a manifestation of the growing power of Poland's economy, which is evidenced by many comments on the topic published, among others by international research centres. Of late, however, more and more opinions have been appreciative of the deeper foundations of Poland's success. One example is a recent comparative study carried out by IHS Global Insight, which shows that Poland did not give in to the global recession and, being the largest country among the new EU members, represents a relatively strong economic potential. "Poland's economy grew even amid the global recession. The largest economy from the new European Union (EU) members played a key stabilizing role during the global recession and avoided falling into recession itself. The modest increase of unemployment during 2009—while nominal wages were still rising—goes a long way toward explaining the relative strength of Poland's economy. Nonetheless, what pulled the trick was the combination of robust internal demand and the zloty's depreciation between July 2008 and January 2009, which improved Poland's trade balance a great deal" (Plan Econ Monthly Report, 2010:38).

The strength of Poland's economy is not, however, popularly acknowledged, especially since the term "polnische Wirtschaft" was historically used in a pejorative sense, implying Polish mismanagement. However, this term is gradually growing obsolete for many reasons, mostly related to the characteristics, quality, and size of Poland's socio-economic potential. To date, this potential has not been properly used, which also testifies to the substantial scale of the untapped reserves.

The socio-economic sources of Poland's comparative advantage include:

- a) A large market potential and growing domestic demand generated by a population of over 38 million.
- b) An increasing gross enrolment ratio (GER), and thus a greater percentage of population with higher education, which encourages productivity and social mobility. (GER for higher education has increased from 12.9% in the academic year 1990-1991 to 52.7% in academic year 2008-2009).
- c) A historically conditioned ability to respond flexibly to threats and to changing circumstances (Polish people are famous for their ability to improvise), and thus openness to new trends, which increases the possibility of taking advantage of the opportunities offered by the civilization breakthrough and the emerging new economic model, including virtualized economy (Wikinomics).
- d) Intensification of infrastructural investments (e.g., using EU subsidies), which generates investment multipliers and translates into additional growth impetus for gross domestic product—a measure of national wealth.
- e) Multiplier effects that may be brought about by the development of the housing sector (this is inevitable due to the underdevelopment of the sector and the concurrent rising housing aspirations of Poles, which implies a potentially

- large housing demand). In the future, this may constitute an additional strong driving force behind the economy.
- f) Poland's economically advantageous central geographical location, which aids the intensified development of various forms of foreign investment, international consortia, IT centres, etc.
  - g) The climate and natural resources, with the increasingly likely prospects of finding new natural resources and energy.
  - h) Cultural factors, founded on Poland's historically high cultural position in Europe and in the world, marked by openness to new trends and tendencies in various areas of life, which is always conducive to economic development.
  - i) The still underused but rising potential of Poland's tourism (not only due to the economic development, but also to climate change) and the untapped growth potential of the tourism industry as an important sector of the economy.
  - j) The potential of "backwardness rent" and the possibility of "leapfrogging" in various fields, i.e., moving immediately to a higher stage of development passing over the intermediate stages which the developed countries had to go through in the past. This is possible by using other countries' experience to shorten the time of achieving a higher level and by learning from the mistakes of others to reduce the risk of error.

At the same time, unfortunately, Poland is not free from serious threats to harmonious, sustainable socio-economic development, the principal ones being:

- a) Demographic threats: population aging and the processes of depopulation (forecasts indicate that by 2050 Poland's population may decline from over 38 million today to 31 million, a drop of 7 million).
- b) Rising public debt and difficulties in achieving sustainable public finances (this is closely associated with demographic threats and increased spending on pensions and health care).
- c) Dysfunctions in the development and implementation of the research potential, resulting in many valuable discoveries "leaking" from Poland (e.g., the invention of the blue laser, etc.).
- d) Inefficiency of legislation and law enforcement, including an inefficient judiciary system and excessively long judicial proceedings.
- e) A dysfunctional political system with the electoral cycle syndrome, which is harmful to the economy due to the priority of election objectives over macroeconomic and socioeconomic efficiency. This reinforces the widespread phenomenon in democratic systems that can be aptly summarized with the phrase "efficiency has no electorate." The syndrome of a short electoral cycle and the resulting predominance of a short-term perspective is coupled with neglecting the strategic thinking culture, and is not conducive to investing in the economy, which in turn would require a long-term perspective.

Of course, there are other positive and negative factors affecting Poland's socio-economic condition and its prospects. Given Poland's current situation, the most important thing would be to draw proper conclusions from the historical lessons and also from errors committed in other countries (following the principle: "*learn from the mistakes of others, and you won't have time to make our own*"). It is also important not to waste Poland's potential, and especially human and intellectual resources, which are the most valuable. Two centuries ago, during the period when Poland was under foreign rule, Polish poet and geographer Wincenty Pol said: "*You praise the foreign and ignore your own, you do not know what you own,*" and

unfortunately this reflection still seems to be valid.<sup>4</sup> At about the same time, Juliusz Słowacki, another great Polish national poet, wrote of his country: “*You were the nations’ peacock and parrot / Now you are a handmaid of other peoples.*”<sup>5</sup> Currently, Poland stands a great chance of making these bitter, historical reflections obsolete. However, this largely depends on the effectiveness of long-term socio-economic policy, which is far from being right. Hence the importance of actions aimed at rationalizing the political and governance systems. While transnational regulations (including those adopted in the EU) seem favourable, of decisive importance is the model of socio-economic system existing in a particular country. Despite the provisions of the Polish Constitution (Article 20) and of the Treaty (Constitution) of the European Union stating that the model to be pursued is the social market economy aimed at balancing economic and social progress, the adopted objectives have not been achieved in this matter, which is a barrier to the development of a civilization of knowledge and making wise use of it.

### *A civilization of knowledge versus a civilization of wisdom*

The notion of a civilization of knowledge, just as that of a knowledge-based economy, is controversial and treated by many scholars as not very precise. Man’s actions (not only economic ones) have always been guided by some knowledge. But over the past few decades, the above notions have come to be regarded as the central concepts used to describe the modern world. A civilization of knowledge and a knowledge-based economy are such categories in which knowledge becomes a “universal substitute” shifting other elements of the productive potential into the background. Today, knowledge has become a kind of universal “machine tool” whose immense potential has been spectacularly proved by the genesis and development of such businesses as the Google search engine and the Facebook social networking service.

At the same time, one of the most embarrassing faults of the civilization of knowledge seems to be, paradoxically, a growing dichotomy between knowledge and wisdom, as it was already mentioned. This dichotomy was quite bluntly exposed by José Ortega y Gasset in his timeless 1929 book entitled *La rebelión de las masas* (*The Revolt of the Masses*): “*The characteristic of the hour is that the commonplace mind, knowing itself to be commonplace, has the assurance to proclaim the rights of the commonplace and to impose them wherever it will*” (Ortega y Gasset, 2002:15). Indeed, there are signs that the said “hour” is still going on. Despite the unprecedented and unquestionable progress in knowledge, science, and technology, knowledge has not been satisfactorily translated into social welfare. One of the manifestations of the substitutional potential of knowledge is, unfortunately, also the substitution of knowledge for reason. This process is taking place despite the fact that knowledge is rapidly aging given the ongoing, increasingly dynamic changes and that badly used and badly managed knowledge can lead to disaster. The consequences of the absence of wisdom in the use of knowledge may be indeed disastrous. This has been proved by numerous highly undesirable processes and actions that can spread in an amazingly easy manner, demonstrating the absence of reflection, wisdom,

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<sup>4</sup> Wincenty Pol (1807-1872), “Kraj ojczysty” [“Fatherland”], [http://www.glowy.bydgoszcz.pl/boguccy/wincenty\\_pol.htm](http://www.glowy.bydgoszcz.pl/boguccy/wincenty_pol.htm).

<sup>5</sup> Juliusz Słowacki (1809-1849), “Grób Agamemnona” [“Agamemnon’s Tomb”] (1839), translated by Michael Mikos, <http://www.juliuszslowacki.grupaphp.com/grobagamemnona.php>.

responsibility, or long-term prudence in low and high ranking decision-makers, including those on the top.

A globally punctuated ecological, economic, demographic, and political equilibrium is both a symptom and a result of the deficit of wisdom (Thurow, 1999:17).

Today's dysfunctions in the use of knowledge are the subject of many analyses, the number of which has surged in the aftermath of the global crisis that began in the US in 2007–8. One of them is the latest book by John C. Bogle, *Enough. True measures of money, business and life*, and another Joseph Stiglitz's *Freefall: America, Free Markets, and the Sinking of the World Economy* (these books have been translated into Polish and published by the Polish Economic Society). These publications highlight the existence of areas of menacing disequilibrium in the modern world generated under the paradigm of the knowledge-based economy and the neoliberal doctrine with its inherent short-termism, or "*the terror of short-term earnings*" (Stiglitz, 2010:320 et seq.).

This is further aggravated by dysfunctions in the measurement of knowledge and the economic results and standing of companies. Paradoxically, although this is a fundamental issue both in economic theory and practice, there are many contentious issues, irregularities, and even distortions leading to the misrepresentation of economic performance. These weaknesses are manifest at all levels of economic activity, including the measurement of gross domestic product—the most synthetic metric of economic output. By the nature of things, all problems connected to the measurement of business results add up in GDP. The global crisis is a spectacular manifestation of the irregularities in the measurement of business performance partially caused by a distorted image of the business standing and results of companies, especially those in the financial sector. This found dramatic expression in a report by the US Senate Commission investigating "the anatomy of a financial collapse," prepared and published in April 2011 under the direction of Carl Levin and Tom Coburn (*Wall Street and the Financial Crisis*, 2011). The report states that a key role in the outbreak of the financial crisis was played by the investment bank Goldman Sachs. Its actions call into question the entire system underpinning the functioning of Wall Street. The bank has been criticized in very harsh terms and its products have been compared to "chips in a giant casino." Many well-known economists, including member of the British House of Lords *Robert Skidelsky* (2009), explicitly say that the global crisis was the result of large-scale irregularities and erroneous appraisal of assets by private banks and rating agencies.

The dominance of "externality" in the measurement of value, the dominance of herd behaviour, actions guided by imitation, and the marginalization of the "internal" foundations of value are becoming a characteristic trait of our times, where glitz and superficiality prevail over deeper reflection, insight, or even responsibility. This also applies to the valuation of businesses, as evidenced by the well-known principle that "a company is worth as much as a potential buyer is willing to pay for it." In his 2009 book published under the provocative title *Why Not Socialism?* Professor of Political Philosophy Gerald Allan Cohen finds the fact that valuation of labour and products is exclusively conditional on the subjective assessment of the interested parties to be a major affliction of capitalism hindering the proper use of the potential of knowledge, and especially of intellectuals' creative capabilities and reflection (Cohen, 2010:93). This was also stressed by Rainer Hank in his somewhat ironic commentary to this book: "*That is why in capitalism the highest salaries are not paid to even the wisest philosophers (and perhaps that's why so many of them have become*

socialists), but to people like Mark Zuckerberg, who dropped out of college to establish his ‘social networking site’” (Cohen, 2010:93).

German philosopher Peter Sloterdijk, referring to the dilemmas of understanding value, comes to the surprising conclusion that the real hero of our times is Harry Potter. “Well, the *Harry Potter* novels present a world without reality frontiers. This kind of primer has convinced a whole generation of readers to discover the wizard in themselves. Interestingly, the English word *potter* denotes a pot-maker, and that is a craftsman who produces hollow containers. Only losers today still believe in work, while the others try to do magical *potter* things and let their structure financial products fly” (interview with P. Sloterdijk, 2009). This assertion, full of bitter irony, points out the risks arising from violations of proportion and an imbalance between profit and the amount of work put in. “It is this disparity that has left a stamp on the way people thought in the past decades. They wanted to escape the real world where most people got mediocre salaries working 40 hours a week while you could join the ranks of the super-rich by doing some magic for a couple of hours. Thus, we have invented a dangerous mode of computing. Commonplace equations have been replaced by extravagant arithmetic. This ruins the sense of adequacy. Our understanding of cause and effect relationships and a sense of proportion have been destroyed” (ibid.).

Economists are also accused of misinterpreting the works and ideas of Adam Smith to the effect that the market actors are exempt from the requirement of moral reflection. If pursuit of one’s own selfish interests—led by the invisible hand—ultimately results in social welfare and the “wealth of nations,” then all that we must care for and all that we should do is to make sure that we are pursuing our own interests. This approach results in the marginalization of the moral and ethical aspects of economic life, which in turn is a source of various forms of destruction and disequilibrium. Entities with excessively confrontational attitudes may precipitate undesirable phenomena and threats, especially that competition often stops short of destruction.<sup>6</sup> Unfortunately there is ample evidence that the same can be said of knowledge and destruction. If knowledge is not to be used destructively, it must be accompanied by wisdom.

The above seems to fully corroborate the postulate made long time ago by Antoni Kukliński at the Forum of Strategic Thought held by the Polish Economic Society (Kukliński, 2011:65-68) to shift from a paradigm of knowledge-based economy to a paradigm of wisdom-based economy. Kukliński wrote: “I would like to formulate a controversial postulate that the old paradigm of knowledge-based economy be creatively destroyed and replaced with a new paradigm of an economy based on wisdom... In formulating the postulate to creatively destroy the old paradigm, we do not seek to denounce the great achievements of the knowledge-based economy between 1990 and 2010. Indeed, these achievements have provided the foundation for creating a new incarnation of the knowledge-based economy of the 21<sup>st</sup> century. However, these achievements are not a sufficient condition for us to successfully encounter the 21<sup>st</sup> century enigma... The epitaph of the old paradigm of knowledge-based economy should be the subject of fascinating and controversial academic reflection, which carries a great potential of innovative solutions in the process of encountering the 21<sup>st</sup>-century enigma. Albert Einstein’s observation that ‘imagination is more important than knowledge’ should be interpreted anew”

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<sup>6</sup> The author of this observation, Akio Morita of Sony Corporation, stressed also that “The American belief that these are contradictory creeds is also self-fulfilling. Those helped “go soft,” become chronic wards of the state and parasites on the taxpayer” (Hampden-Turner and Trompenaars 1998, p. 122).

(ibid.). It cannot be excluded that the postulate to shift to a new paradigm may be regarded as purely verbal effort because it does not indicate tools for operationalization. However, even a verbal approach to this problem is important as words have strength in their own right and can become deeply ingrained in the mind. This is an appeal to dare to be wise. The validity of such an appeal cannot be questioned. Even if it is regarded as a utopia, it is certainly a highly useful one. Therefore, it will not remain without an impact on reality. The postulate to replace the paradigm may constitute an important beginning of a debate on the rationalization of the model of social development” (Kukliński, 2011; Mączyńska, 2011).

In the face of global dysfunctions in the civilization of knowledge, Poland, thanks to its “backwardness rent,” has a chance to “leapfrog” this model of civilization and arrive at the stage of the civilization of wisdom. This would allow Poland to use its potential in an optimum way, without the dysfunctions and abuse characteristic of the more developed economies in this respect.<sup>7</sup>

Antoni Kukliński’s postulate to replace the paradigm of knowledge-based economy with wisdom-based economy corresponds to the “Wise Poland” decalogue for knowledge-, skill-, and entrepreneurship-driven society announced by Michal Kleiber in February 2011. The decalogue comprises of 10 postulates, the implementation of which should form the foundations for a strategy of the country’s innovative development (interview with M. Kleiber, 2011).

### *Paradigm of wisdom-based economy and economic order*

The global economic collapse triggered by the financial crisis has not only stimulated discussion about the legitimacy of the financial system in its present form, but also intensified the ongoing debate on the future of capitalism, the role of the state, and the best socio-economic system to promote social and economic welfare. Therefore, an open question remains as to what kind of strategy and economic system would promote social rationalization. Despite theoretical disputes about the economic system, the principle of competitiveness remains unchallenged. However, the dogma of free market and free market competition leads to its distortion and limitation.

Due to the overwhelming scale of punctuated equilibrium and its complex global consequences, we still lack convincing concepts and strategies to solve this problem. Strategic reflection is a necessary condition for the shift from the paradigm of knowledge-based economy to the wisdom-based paradigm, which has been postulated in the face of the dysfunctional civilization of knowledge. In a situation of increasing global uncertainty, this reflection should be aimed at identifying the main threats to the development of civilization, such as the consequences of global disequilibria in many areas (including the demographic, environmental, and financial spheres).

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<sup>7</sup> The “leapfrogging” theory: the undeveloped countries, making use of modern scientific and technological developments, can “leapfrog” from the stage at which they now find themselves to a post-industrial stage, although currently both the developing and the developed countries are mostly focused on the industrialization of the former, which strive for industrialization, identifying it with a rich lifestyle. Their efforts are supported by the latter, which, are interested in pushing obsolete technologies on the third world countries. The concept of “leapfrogging” has met with some criticism in the economic literature. It has been rebuked for, among others, neglecting the social costs associated with “skipping” development stages (see Sztaba 1995, p. 134 et seq.).

When the world is unpredictable and full of “black swans,” strategic reflection should primarily focus on the identification of the main development trends and, most importantly, on the least predictable areas of risk.

Analyses of the global turbulence point to errors in the economic system policy. For example, Nouriel Roubini underscores that the crisis will determine future solutions, creating a tomorrow with a specific economic system.<sup>8</sup> Hence, the still open question about the optimal shape of the economic system and the future of the Anglo-Saxon neoliberal laissez-faire model of capitalism that predominated prior to the global crisis (ibid., p. 4). The literature stresses the need for systemic changes aimed at reducing the risk of crisis-like threats.<sup>9</sup> Renowned German economist Peter Bofinger wonders whether it is possible to save the free market model of economy and why it is now necessary to have a strong state (Bofinger, 2010).<sup>10</sup>

Currently, increasing emphasis is given to the argument that the primary sources of dysfunction in a knowledge-based economy largely lie in systemic errors, such as the uncritical acceptance of the neoliberal doctrine in economic system policy making.<sup>11</sup> Characteristically, such opinions are shared also by those who until recently advocated that doctrine. One of them is Jeffrey Sachs, who argues that: “We were trapped between two voluntaristic utopias. One of them sanctifies the market and the other—society. The majority of people were led to believe that the government could not help them, and even if it promised to do so, it would still waste everything. Now much time will pass by the time they realize anew that there can be neither good society nor an efficient economy without a strong state” (interview with J. Sachs 2009). A similar opinion is expressed by Bofinger (2010), who stresses the importance of an efficient balancing of the roles of the state and the market in the economy.

On the other hand, *Maciej Bałtowski* (2009:7) observes how capitalism is dangerously evolving towards socialism, which brings to mind the argument of Joseph Schumpeter (1942) about the transition of capitalism into socialism. However, as opposed to Schumpeter, who said that capitalism was not going to survive and the ongoing transformation of capitalism into socialism was determined not by its failures but by its successes, Bałtowski points out to capitalism’s failures. He says that “*over the last several dozen years free market capitalism has been evolving towards a system incorporating certain characteristic features of the socialist economy, even though this peculiar evolution may have been hard to notice at a first glance*” (Bałtowski, 2009:2), which is manifest in the “doctrinal foundations of the economic system.” At the same time, Bałtowski warns that too much faith has been put in the dogma of global regulation of the economy. He states that certain general conclusions should be drawn from the experience of the socialist economy

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<sup>8</sup> “In fact, we believe that understanding and managing crises requires a more holistic and eclectic approach than is perhaps customary. It’s necessary to check ideology at the door and look at matters more dispassionately. Crises come in many colors, and what works in one situation may not work in another.”—From the introduction to Nouriel Roubini’s book (2009, p. 6).

<sup>9</sup> “How to reform a capitalism that has delivered serial crises instead of delivering the goods on a consistent and stable basis. Indeed, while market-oriented reforms have taken many emerging market economies out of endemic poverty and underdevelopment, the frequency and virulence of economic and financial crises have increased in both emerging markets and industrial economies” (ibid., p. 11).

<sup>10</sup> One can compare a socio-economic framework to a kind of cage, which was vividly illustrated by one manager: “When a tiger breaks free and wreaks havoc, only a lunatic would blame the tiger. It is the idiot who let it escape who is really to blame (Tygodnik Forum, 2010, 9-15.08, nr 32, s.3).

<sup>11</sup> “The level of intervention necessary to stabilize the system challenges the sustainability of traditional laissez-faire capitalism itself; governments may end up playing a much larger direct and indirect role in the postcrisis global economy, via increased regulation and supervision” (Roubini 2009, p. 9).

concerning the way the global regulators function. First of all they should focus their activity not on substituting the market – which always leads to various adverse effects – but on reducing market failure. If the global regulator is convinced of its wisdom and omnipotence and does not curb its constructivist inclinations and excessive anthropological optimism, it will doubtlessly end up in a position similar to the central planner in a socialist economy. The only way out, it seems, is to let the global regulators act in accordance with the logic of the market or “marktkonform,” as it is proposed by the German theory of the social market economy.

This assumption is all the more important because it refers to the constitutional model of the Polish economy, that is, the social market economy. In view of the dysfunctions of the political and economic order which have emerged in the wake of the global crisis, the idea of the social market economy becomes even more attractive. It is founded on ordoliberal theory, which in turn refers to the notion of “ordo,” dating back to the ancient *Imperium Romanum*. The essence of the notion lies in designing an order which would suit the human nature and ensure economic sustainability. The current financial crisis has to some extent proven the relevance of the social market economy. Characteristically, the crisis has hit the mightiest markets of the capitalist world, and primarily the USA and Great Britain, while countries with the so-called Nordic economic system, using the social market economy in practice, have been less affected and “*politicians from both right and left could learn from the Nordic countries*” (The Nordic countries. The next supermodel, 2013:11).

Although opinions on the social market model of economy are quite controversial, analysis of its features indicates that it offers a chance to lay solid foundations for the coherence and sustainability of social and economic development. The social market economy is characterized by holism, or comprehensive consideration of the individual components making up the extremely complex structure of the political and economic order. However, a prerequisite for the effective implementation of the ordoliberal concept of the social market economy is its adjustment to the ongoing unprecedentedly dynamic technological, social, and economic changes, including globalization.

## Conclusions

The “punctuated equilibrium” and volatility, so characteristic of the modern-day world, force us to seek new theoretical concepts and solutions focused on accessing the civilization of knowledge. Priorities include reduction of the dichotomy between knowledge and wisdom and a symbiosis of economic, social, and ecological development. A model for such a symbiotic approach is provided by the principles of the social market economy. They are not new, but their relevance seems to be more and more apparent in the light of the current developments. But also this model needs to be adjusted to the changing economic conditions, and to the (partially globalization-driven) shifts in power and decision-making competence.

Future will show whether and to what extent the holistic concept of the social market economy turns out to be useful. Instead of offering a straightforward answer, I will respond with Thurow’s question “*How is a capitalistic system to function in a brainpower era when brainpower cannot be owned?*” (Thurow, 1999:29).

Such an approach to this issue entails further questions: “What model of a political and economic order would be best suited to the optimum use of brainpower?” and “*What role in this process of change is to be played by economic theory and particular ‘economic schools’?*” These questions are the more important as economic

theory and economists are blamed for the dysfunctions of the economy and for not having predicted and prevented the present crisis.

These are open questions for further reflection and discussion. The necessity of such a discussion—taking into consideration some futurological reflection—is becoming increasingly apparent. Even though Fukuyama's notion of “the end of history” and the neoliberal doctrine by definition marginalize futurism, leaving the future to be regulated by the free market mechanism, it seems that now—given the world's problems—the need to think about the future and act for its sake as well as the need to embrace a strategic thinking culture are gaining increased recognition. Today Francis Fukuyama no longer stands so firmly by his convictions, critically assessing the “foreign finance fetish,” saying that “*one of the paradoxical consequences of the 2008-2009 financial crisis may thus be that Americans and Britons will finally learn what the East Asians figured out over a decade ago, namely, that open capital markets combined with unregulated financial sectors is a disaster in the waiting*” (Fukuyama, 2011).

In the context of Poland's economy, civilizational development requires wise strategies and a wise socio-economic system that would ensure holistic reconciliation of economic, social, and environmental issues.

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