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# Bulletin



POLISH ECONOMIC SOCIETY



Headquarters of the  
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Polish Economic Society  
70 years anniversary



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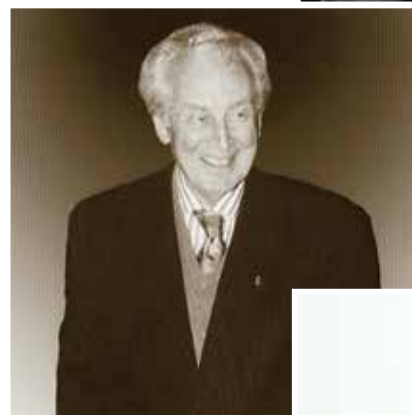
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## Bulletin PTE

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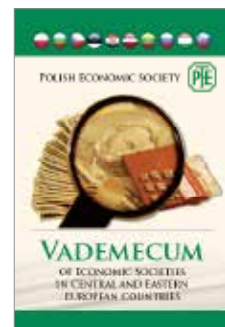


## Ladies and Gentlemen

The Polish Economic Society (PTE) has for the second time prepared a Bulletin in English. This Bulletin is addressed to societies of economists in other countries, and through them to a wide range of economists abroad. In this way we hope to reach foreign readers who so far have not been in contact with the Polish Economic Society, our aim being to increase and enhance our wide-ranging international cooperation.

The contents of this Bulletin introduce the nature and objectives of our activities, as well as their scope and scale, with emphasis on our international activities. As can be seen, both the National Board of the PTE and each of the 23 PTE Branches are engaged in and open to such cooperation. In addition, the reader will find a brief description of the activities of the Forum of Presidents of Economic Societies in the countries of Central and Eastern Europe, organized by the PTE.

[http://www.pte.pl/pliki/pdf/VADE\\_1-36\\_www.pdf](http://www.pte.pl/pliki/pdf/VADE_1-36_www.pdf)



This Bulletin is also addressed to economists of Polish origin who permanently reside abroad, working either as academics or engaged in business (or retired). We maintain constant cooperation with many of them, who participate in our seminars and congresses. Some have sent their CVs, which we have put on our website ([http://www.pte.pl/130\\_ekonomisci\\_polscy\\_w\\_swiecie\\_pte.html](http://www.pte.pl/130_ekonomisci_polscy_w_swiecie_pte.html)). We are very anxious to expand such cooperation and hope that this Bulletin will contribute to that. This may be in the form of scientific, business, or organizational cooperation.

The main objective of this publication is to provide foreign readers with information about the nature and forms of the PTE's activities. The variety of these forms has its roots the PTE's long tradition, which goes back 200 years and is associated with the involvement of Polish economists in the nation's socio-economic development. It is worth emphasizing that 2015 marked the 70th anniversary of the establishment of the PTE in its current form. The Bulletin contains a text dedicated to this anniversary, which describes the stages of development of our Society and the diversity of its activities, although only some of them are presented, such as: a series of seminars entitled Thursdays at the Economists, the Economic Knowledge Competition, the Forum of Strategic Thought, international collaboration, publishing activities, the activities of the PTE branches, and the activities of the Scientific Council of the PTE. We also describe the 21st Congress of Polish Economists, an important event which took place in May 2015. It was an election Congress, crowning the term of the previous authorities and appointing new PTE authorities for another five-year term of office.

The texts in the Bulletin relating to Poland's transformation should be of interest to foreign readers. They describe the transformational changes which have taken place in Poland in the last quarter century, as well as present the views of economists on the future directions of Poland's socio-economic development. Out of respect for tradition and pro memoriam, we also present the achievements of the deceased Polish economists, professors Antoni Kukliński and Edward Szczepanik.

On behalf of the PTE National Board and myself I heartily encourage you to read the Bulletin, to cooperate with the PTE, and to visit our website, [www.pte.pl](http://www.pte.pl), including its English edition. [http://www.pte.pl/198\\_English\\_version.html](http://www.pte.pl/198_English_version.html)

Elżbieta Mączyńska, President of the PTE



# 21st Congress of the National Board of the Polish Economic Society

On 28 and 29 May 2015 the 21st Congress of the PTE took place in Warsaw. Such Congresses take place every five years and are an important event in the Society's activities.

One hundred delegates, selected individually by the PTE Branches, attended the Congress, as well as the current authorities of the Society and invited guests. Prior to the Congress the various PTE Branches held their own Congresses, at which they elected the said delegates. The National Congress summarizes and evaluates the activities of the Society for the period ending its five-year term. It also determines the future directions of activity of the Society and elects the PTE authorities for

the next term. These directions are set forth in a programme resolution of the Congress, which provides a summary of the ongoing discussions, postulates, and opinions.

## Special attention in the discussion was paid to:

- The desirability of the continuation of such projects of the National Board as the "Thursdays at the Economists" meetings, together with publication of their transcripts on [www.pte.pl](http://www.pte.pl); the Economic

Knowledge Competition; publishing activities, etc.

- Making more extensive use of the network nature of the Society
- The necessity for a wider opening of the Society to young economists
- The need to strengthen the position of the Society, both at home and abroad
- Focusing more on the problems of economic practitioners



## PROGRAMME RESOLUTION 21st National Congress of the Polish Economic Society 29 May 2015

■ Having reference to the more than 200-year long tradition of the organized movement of economists on Polish soil, the Polish Economic Society (PTE) underlines its commitment to maintain the integration of Polish economists who share common professional interests and a concern for the country's development. The PTE also emphasizes its pluralistic and apolitical character. It is and will remain open to all Polish economists – of different origins and traditions, different generations, from all regions of the country as well as those working abroad, with different outlooks and economic specialties, dealing both with business practices and science - who hold dear the goals and the rules of coop-

eration included in the PTE statute. The PTE will cultivate this diversity as an essential feature of its identity and as a development opportunity.

■ Being aware of the enormous pace of changes in the contemporary world in connection with the dissemination of the new, information-based civilization, as well as the intensified conceptual confusion surrounding the rapid new developments and forms of economic life, the PTE, as a non-profit organization, sees the need to spread the current economic knowledge, taking into account the developmental challenges facing the country. For this purpose, the PTE will:

- Continue to organize congresses of Polish economists, national and re-

gional conferences, seminars, etc.,

- Continue to develop its publishing activities,
- Continue to organize the Economic Knowledge Competition,
- Initiate special training programs, including with the use of European Union funds,
- Develop the culture of strategic thinking in Polish society,
- Continue working on the economic education of society, education for entrepreneurship, etc.

■ Another main direction of the PTE's activity involves presenting opinions and views regarding the current socio-economic situation and prospects for development of the country. In particular, the PTE intends to offer professional help





to the public in understanding and solving major problems through:

- Organizing debates and discussions on contemporary economic and social issues important for Poland, taking into account the various trends of economic schools,
- Disseminating the content of these debates by posting their transcripts on the PTE's website, transmitting the debates over the Internet, etc.,
- Creating a permanent team (think-tank) consisting of prominent members of the PTE, who will post views and opinions on current issues on the PTE's blog.
- Preparing reports on the current economic problems of the country.

The PTE shall be open to entrepreneurs and facilitate solving their problems, and will foster the development of entrepreneurship, including academic entrepreneurship and the development of small and medium-sized enterprises. The PTE will encourage employers to use the expertise and counselling services offered by the Society.

■ The PTE will continue to develop and strengthen the activity of youth in the field of economics. Based on our positive assessment of the experience of the Economic Knowledge Competition and our continuing ties with its winners and finalists, we consider it necessary to implement the various forms of popularization of the PTE's activities among local communities. To this end we intend, inter alia, to develop cooperation with teachers of economic subjects. The PTE should provide a platform for collaboration among scientific circles, organizations of doctoral students, and others.

■ Publishing is one of the PTE's important contributions to the promotion of economic knowledge. As a result of establishing our own publishing house, there has been a significant increase in the number of our books attracting readers'

interest. In addition, the PTE participates in the issuance of the bi-monthly magazine "Ekonomista", while "Bulletin PTE" is an internal publication aimed at ensuring that the activities of the PTE will reach all circles, the release of which is aimed at improving cooperation between the Society's Branches. All these forms of publishing activity should be maintained and developed. Publishing activity on the part of the Branches, in the form of publications of magazines, books, and regional bulletins, also deserves attention and support.

■ The PTE positively evaluates the experiences resulting from the decentralization of the organizational structure of the Society. The resulting independence of Branches has contributed to the development of regional initiatives. The decentralization should foster the further development of cooperation between the various Branches as well as cooperation between the Branches and the National Board in order to achieve the effect of network synergy. This cooperation may take forms such as:

- Creation of consortia to apply for EU funds,
- Joint applications for grants,
- Use of a network structure to conduct trainings commissioned by central government offices, Post-graduate Studies, Schools, etc.

■ The National Board should play a coordinating role in implementing these kinds of actions. The Board should intensify cooperation with Branches by, inter alia, organizing external meetings of the PTE Board or the PTE National Board Presidium meetings in the various Branches, organizing the presentation of achievements of the Branches at National Board meetings, wider involvement of Branches in editing the PTE Bulletin, regular meetings of Branch Directors, etc.

■ In order to improve communication between the PTE and its

environment, effective access to the media should be emphasized, including the use of various forms of systematic cooperation with television, radio, and the press. The PTE's website will also be further developed and its content supplemented with educational issues.

■ The PTE considers it highly important to deepen further cooperation with civil society organizations, among others, with the Polish Federation of Engineering Associations, the Scientific Society for Organisation and Management, the Accountants Association in Poland, and the Polish Lawyers Association. The aim should be to elaborate common positions or undertake common initiatives. The above list is not exhaustive and the PTE remains open to cooperation with other organizations and representatives of various professional groups.

■ The PTE will seek to strengthen the position of Polish economists in the international arena by increasing their participation in congresses of the European Economic Association and International Economic Association (IEA). The PTE's growing position as a member of the IEA and a leader among the countries of Central and Eastern Europe should be noted. This was fostered by, inter alia, the organization in Warsaw of the Forum of Presidents of economic organizations from these countries and the publication of the PTE Bulletin in English. This course of action should be continued by organizing another Forum combined with an international conference.

■ It is necessary to take measures aimed at developing the history of the PTE.

■ Members of the PTE also consider it essential to strengthen mutual friendly relations by fully complying with the principles of professional ethics, tolerance, and mutual respect for the views presented by others.

Warsaw, 29 May 2015.

# The new Authorities of the Society



## **Professor Elżbieta Mączyńska, President of the PTE.**

Professor of economic sciences. A graduate of the University of Warsaw. Professor at the Warsaw School of Economics (SGH), (Collegium of Business Administration, Institute of Corporate Finance and Investment, Department of Research on Bankruptcies of Enterprises - Head of the Department). Director of the "Real Estate Appraisal" postgraduate studies at the SGH. Member of the Scientific Council of the Institute of Economic Sciences of the Polish Academy of Sciences and a member of the "Poland 2000 Plus" Committee Presidium. Member of the Economic Sciences Committee of the Polish Academy of Sciences. President of the Polish Economic Society, where she manages a series of seminars "Thursdays at the Economists" in the PTE, a series of open online debates. She directs the annual Polish-German seminars held (since 1992) in Germany at the Institute of European Studies in Vlotho (GESW). These seminars discuss economic systems, the social market economy and European integration. She chaired the Programme Council of the Eighth (2007) and the Ninth Congresses of Polish Economists (2013) and was a scientific editor and co-author of the monographs published after the congresses. In the years from 1994 to 2005 she was academic secretary of the Socio-Economic Strategy Council at the Council of Ministers (RSSG). Member of the National Development Council. A specialist in the field of economic analysis, finance and enterprise valuation, economic systems and strategy of socio-economic development. She is the author of over 200 publications on these subjects. (zk@pte.pl)



## **Professor Bogusław Fiedor, Vice President of the PTE for international cooperation.**

He is a Professor of Economics at the University of Economics in Wrocław. In the previous term, he was the Rector, and currently is the Vice-Rector of this University in charge of International cooperation. Fiedor has written nearly 400 scientific publications. He specializes in environmental economics, history of economic thought, methodology of economics, and microeconomics. He led about 50 national and international research projects. He has taught at several American and German universities. He is a member of program councils and editorial boards of a number of renowned national and foreign periodicals. He is a Vice-chairman of the committee of Economic Sciences of the Polish Academy of Sciences, member of the Presidium of the conference of Rectors of Academic Schools in Poland. In the years 1997 - 2005 he served as Vice chairman of the Social and Economic Strategy council at the council of Ministers. (boguslaw.fiedor@ue.wroc.pl)



## **Professor Bogdan Ślusarz, Vice President of the PTE.**

Graduate of the Higher School of Education in Zielona Góra. Since 1995 an Assistant Professor, Head of the Department of Management of Public Administration at the Faculty of Management at the University of Zielona Góra. Since 1995 an Assistant Professor, Head of the Department of Management of Public Administration at the Faculty of Management at the University of Zielona Góra. Author of over 30 publications and articles in the field of management, the raising of professional qualifications, economic and cultural transformation, and European integration. Member of the Presidium of the Polish Economic Society Branch in Zielona Góra. In 2004 he was appointed Director of the Department of Regional Policy at the Office of the Marshal. Member of the Steering Committee of the international project "The Innovative Offensive of Three States – 3-CIP" within the framework of the Community Initiative INTERREG III C East Zone. (b.slusarz@wpa.uz.zgora.pl)





**Dr. hab. Beata Majecka, Secretary General of the PTE .**

Since 1993 a university lecturer in the Department of Economics and Functioning of Transport Enterprises at the Faculty of Economics of the University of Gdansk. Her research interests focus on the following issues: the functioning of transport enterprises; the behavioural aspects of the functioning of enterprises; market behaviour of enterprises; the theory of enterprises; Poland's contemporary social and economic problems. ( [beata.majecka@pte.pl](mailto:beata.majecka@pte.pl) )



**Professor Marian Gorynia, chairman of the Scientific Council of the Polish Economic Society.**

Rector of Poznan University of Economics and Business; member of the Committee of Economic Sciences of the Polish Academy of Sciences; member of the Scientific Council of the Institute of Economic Sciences of the Polish Academy of Sciences. Professor Gorynia deals with issues related to the enterprises functioning at the juncture between the domestic economy and the foreign business environment, such as a strategies of foreign expansion, forms of entering foreign markets, internationalization of a company, foreign direct investments, and the international competitiveness of a company. Among other awards, Professor Gorynia has won the F. Skarbek Polish Academy of Sciences Award for his book: "Zachowania przedsiębiorstw w okresie transformacji. Mikroekonomia przejścia" ["Behavior of Enterprises During Transformation. Microeconomics of Transition"] ( [rektor@ue.poznan.pl](mailto:rektor@ue.poznan.pl) ) konkurencyjność przedsiębiorstwa. Wielokrotnie wyróżniany, m.in. nagrodą PAN im. F. Skarbka za książkę "Zachowania przedsiębiorstw w okresie transformacji. Mikroekonomia przejścia". ( [rektor@ue.poznan.pl](mailto:rektor@ue.poznan.pl) )



**Professor Zdzisław Sadowski, Honorary President of the Polish Economic Society.**

In the years 1985–2005 President of the PTE. Professor of Economics, Emeritus Research Fellow at the University of Warsaw (1953–2005). Sadowski's work focuses on macroeconomics, economic policy, statistics, and the theory of economic development. He was Deputy Prime Minister in the government of Zbigniew Messner 1987–1988. He is still active in the economic life and science. He is a corresponding member of the Polish Academy of Sciences (PAN), member of the PAN Presidium "Poland 2000 Plus" Forecast Committee, as well as editor of the most important magazine of Polish economists, the "Ekonomista". He is a member of and was presiding over the Polish Association for the Club of Rome. He is a member of many national and international scientific societies. ( [sadowski@pte.pl](mailto:sadowski@pte.pl) )

■ Małgorzata Burchard-Dziubińska\*

# Polish Economic Society's Seventieth Anniversary

The socio-economic movement on Polish territory has a tradition of more than 200 years.

Its beginning coincided with a difficult period for Poland, whose territory was divided as a result of the series of partitions that took place in 1772 - 1795 between three powers: Russia, Prussia and Austria. While in many European countries various organizations and scientific associations were freely established without any constraints and classical economic thought was developing, such activities on the Polish territory were hampered by the foreign authorities. However, even in these difficult political circumstances the Poles managed to bring to life organizations which played an important role in the development and popularization of scientific knowledge, including the knowledge of economics.

## Historical sketch

It is worth noting the creation of the Friends of Science Society in Warsaw in 1800 (after 1808 - The Royal Friends of Science Society). This Society was in operation until April 1832, when it was dissolved as part of the repressions which followed the Polish November Uprising. It brought together specialists from a variety of fields. Among

the prominent activists dealing with economic issues the following persons deserve special recognition: Joachim Chreptowicz, a physiocrat; Stanisław Staszic, organizer of Polish industry (who in the years from 1808 to 1826 served as President of the Society); and Count Fryderyk Skarbek, a leading representative of Polish economic thought in the period of the Polish Kingdom and a professor of political economy at the Warsaw University.

Economic issues were also a subject of interest of the Międzyrzecz Economic Society established in the Prussian partition lands in 1802, which focused primarily on the issues of agriculture. In the Austrian partition lands, along with the Cracow Scientific Society there was the Law and Economic Society, founded in 1867. Its purpose was to "educate and develop jurisprudence and socio-economic sciences in theory and practice." In turn, the objective of the Polish Commercial and Geographical Association, founded in Lviv in 1894, was to promote trade and collect economic information about the countries to which Poles emigrat-



ed at that time.<sup>1</sup>

A new period in the development of organizations representing economists began after Poland regained its independence in 1918. Economic issues became particularly important in view of the serious problems which affected the Polish economy. One may mention here the need to merge the lands that existed for such a long time under the different legal systems imposed by the foreign occupiers. Even before regaining independence, the Association of Polish Economists and Statisticians was brought to life in Warsaw in 1917. In 1921,

\* Małgorzata Burchard-Dziubińska - Professor, University of Lodz

<sup>1</sup> A. Pollok, Zarys historii Polskiego Towarzystwa ekonomicznego, [http://www.ptes.pl/211\\_historia\\_pte.html](http://www.ptes.pl/211_historia_pte.html)



two societies were established: the Polish Economic Society in Lviv and the Economic Society in Krakow. These societies have played an important role in the development of Polish economic thought in the interwar period. They also contributed to strengthening the revived Polish state, which faced a serious currency crisis, hyperinflation, and suffered from the impact of the great global economic crisis of the late 1920s and 1930s. These societies put forward legislative initiatives and sent memorials to the state authorities in which they presented their opinions on different issues and suggested remedies.

Another dividing line in the operation of all Polish scientific societies was World War II. Following its conclusion Poland was faced with completely new challenges related to the new political realities and the need to rebuild its destroyed economy.

## The creation of the Polish Economic Society

The post-war history of the PTE began in Lodz, where in the first days of December 1945 a meeting of representatives of the social movement of economists from Warsaw, Krakow, Poznan, Lublin, and Lodz took place. It was then decided to reactivate the society, thus integrating the milieu of Polish economists. The Polish Economic Society was established in place of several autonomous organizations previously operating. It took its name from the Society operating since 1921 in Lviv. Taking into account the vari-

ous available sources of information, it has been determined that the founding meeting was (most likely) attended by the following Professors<sup>2</sup>: Jan Drewnowski, Jan Dziągglewski, Waclaw Fabierkiewicz, Andrzej Grabski, Andrzej Grodek, Boleslaw Klapkowski, Leon Kozminski, Adam Krzyzanowski, Witold Krzyzanowski, Edward Lipinski, Jerzy Lubowicki, Zbigniew Makarczyk, Feliks Mlynarski, Miroslaw Orlowski, Kazimierz Owoc, Jerzy Rachwalski, Stanislaw Raczkowski, Kazimierz Secomski, Waclaw Skrzywan, Czeslaw Strzeszewski, Waclaw Szubert, Jozef Swidrowski, Edward Taylor, Witold Trampczyński, Eugeniusz Ugniewski, Aleksy Wakar, Edward Wojciechowski, Marcin Wyczalkowski, Stefan Zaleski, and Antoni Zabko-Potopowicz.

The Society's authorities were elected at this meeting a statute adopted which defined the objectives, organizational principles, financial base, and areas of activity of the Society. This statute was published in the second issue of the flagship PTE journal 'Ekonomista', which was resumed in 1947. It is worth noting that the journal was released intermittently since the mid-nineteenth century. Based on the decision of the President of Warsaw on 11 January 1946 the PTE was registered in the official "Register of Associations and Unions."

Already during the meeting in Lodz attention was paid to the need for the development of the publishing activity. This was due, on the one hand, to the desire to

publish the works written by Polish economists during the wartime occupation, and on the other to provide economic textbooks for universities. It was assumed that the operation of the Society would be developed through lectures, conferences, publications, and organized cooperation in the field of science (at the professional level) with related national and international organizations. In the first years after the war the Society was clearly of an elitist character. This was due to the small circle of members as well as their academic status. Representatives of economic practice could become members only if they held a university diploma. As a result, the number of members initially was small.

However, the Society's forms of activity were affected by the political and economic changes which took place in Poland, and soon business practitioners were invited to cooperate with it. Due to this the Society began to grow rapidly and its training activities were intensified.

Beginning in 1949 new local branches began to be established. By 1955 they existed in the cities of Gdansk, Katowice, Kielce, Krakow, Lublin, Lodz, Poznan, Szczecin, Warsaw, and Wroclaw. PTE clubs also began to emerge in enterprises and conducted intensive training activities. At its peak, in the years 1970 – 1980, the Society had more than 50 thousand members.

The activities of the Society have always been closely linked with the fate of the country and the changing economic situa-

<sup>2</sup> There is no firmly reliable source on the participants in the founding meeting of the PTE. This study used *Zarys historii [Outline of History]*, published in 1985 by the Lodz branch of the PTE; J. Orłowska, T. Orłowski, Polish Economic Society, PTE Warsaw, 1985.

tion. This has been visible during the consecutive meetings of Polish economists, since 1987 called Congresses. They offered, and still offer, an opportunity to debate and present views on the most important economic problems of the country and the world. The activities of the Society have also been a response to the needs of the national economy, related to the implementation of the successive development plans adopted by authorities, as well as the attempts to undertake reforms. One of the most important was undoubtedly the introduction of a system of large economic organizations in 1973. Almost all activities of the Society were then subordinated to the popularization and implementation of this system, comprising organizations which provided about 70% of industrial production of the country.

The early 1980s remains etched in the memory of Poles as a time of economic and social crisis and upheaval. But even then it was believed that there was a need for reform, which was expressed during the 4th Meeting of Polish Economists, which met under the motto "The reform cannot go wrong." The role of the Society in the process of reforming the economy was greatly enhanced when the President of the PTE, Prof. Zdzisław Sadowski – who took office in 1985 – in 1987 became the Deputy Prime Minister responsible for the economy.

At the same time however, it became increasingly evident that the system of a centrally planned economy was inefficient, and that the attempts to reform it were ineffective. The deep crisis into which Poland was plunged in the



late 1980s led to the transformation of the economy towards a market system. This peaceful transition began with the so-called "Round Table" talks in 1989. The leading economists/members of the Society became engaged in the implementation of the newly agreed-upon tasks. This radical change in the system forced the Society to adapt to the new realities, and the ensuing tasks were undertaken during consecutive meetings in 1989, 1991, and 1993. The Society adopted a new statute and organizational changes were implemented. In addition to the national authorities of the Polish Economic Society, with its seat in Warsaw, the Society presently consists of 23 regional branches. They are independent in terms of their finances and under law. The Society is a fully pluralistic association, open to cooperation with economists entertaining different views.

An important element of the Society's activities is cooperation with the youth. Initially it was limited to economic vocational schools, but now also includes secondary schools and universities. It

is worth noting that it was the initiative of the Lodz Branch of the PTE to organize the Economic Knowledge Competition. Initially it was held in each province individually, and after 1978 became a competition between provinces. Since 1987 it has been organized at the national level.

### Anniversary conference

A scientific conference to celebrate the 70th anniversary of the PTE took place in Lodz on 27 November 2015. It was entitled "The History and Future of the Polish Economic Society." The conference program included inauguration speeches delivered by Dr. Jarosław Marczak, the President of the Lodz branch of the PTE, and by Prof. Elżbieta Mączyńska, President of the National Board of the PTE. Following the opening ceremony a plenary session began, chaired by Małgorzata Burchard-Dziubińska, the initiator and President of the Organizing Committee.

The first speaker at this session was Prof. Elżbieta Mączyńska, who on behalf of Prof. Zdzisław Sadowski, the Honorary President



of the PTE, presented a paper prepared by him especially for the occasion. Next President Mączyńska, both on her own behalf and on behalf of the National Board, and emphasized the role of the PTE in the development of the economic debate in Poland over the past seventy years. She talked about the most important events and the activists who have contributed to the development of economic thought and had a significant impact on economic processes in Poland.

An important element of the conference involved the lecture by Prof. Alojzy Czech, entitled: 'The Establishment of the PTE in 1945 Against the Background of Economic Associations and Societies in the Interwar Period in Poland.' In this speech he presented the interwar period history of scientific societies associated with economic thought as broadly understood. He pointed out that during that period the milieu of economists was strongly integrated with representatives of other disciplines, especially law and statistics.

Prof. Eugeniusz Kwiatkowski's speech was devoted to the issues of economic development in the Polish economic thought in light of the work of Prof. Janusz Górski, who analysed the economic development through the prism of modern economic theories, compared the views of Polish economists with mainstream economics, and evaluated the originality of economic views based on their relevance in explaining and improving the depicted reality.

Another speaker, Prof. Stefan Krajewski, in an emotional speech recalled the figure of Prof. Jan Muzjel and his special role in the education of consecutive generations of leading economists in the past difficult times. He stressed the importance of the open debates, unhindered by ideological correctness, which took place thanks to the inspiration of Prof. Muzjel.

The lecture of Prof. Aleksander Panasiuk concerned eminent economists of the Szczecin PTE milieu. The speaker recalled the history of the development of higher econom-

ic education in Western Pomerania and introduced several significant figures among the Society's activists in the area (professors Józef Rutkowski, Waldemar Grzywacz, Adam Szewczuk and Henryk Babis).

Prof. Mirosław Bochenek discussed, in his speech, the work and professional activity of Oskar Lange, an eminent scholar and activist in the PTE. He also presented the jubilee medal dedicated to this scholar.

The presentation of Prof. Małgorzata Burchard-Dziubińska, entitled 'It Started in Lodz...' was devoted to the period of formation of the Polish Economic Society immediately after World War II.

The lectures aroused a great deal of interest and enthusiasm among the participants, who were encouraged to ask questions and take part in the lively discussion that followed. This confirmed the need for and relevance of organizing conferences which refer to history and at the same time stimulate reflection on contemporary economic problems.



From left: Prof. Elżbieta Mączyńska, Prof. Stanisław Rudolf, Prof. Jarosław Woźniczka, Dr. Monika Hajdas, Prof. Witold Kowal

# Thursdays at the

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## “Vocational Education and Socio-economic Development” – 22 January 2015



From left: Teresa Kazimierska, Michał Wójcik, Dr. Michał Kruk

### Dr. Michał Kruk, Institute of Contemporary Civilization Problems:

The dual system of vocational education involves a combination of theoretical learning at school with learning through practical experience in the workplace. It is widespread in Austria, Germany, and Switzerland, where special emphasis is placed on acquiring skills under an employment contract. Students, depending on their educational profile, work for two, three or even four days a week in a company that cooperates with the school. The dual system stands in contrast to the traditional system, which provides for obtaining knowledge and skills based solely on theoretical learning at school, and relegates working in a company to an incidental phenomenon. In Austria 45% of people learn under the dual system of vocational training, in Switzerland 90% and in Germany 75%. In Poland, only 20-25% of the total number of students undergo the dual system of vocational education.

**Participants:** Dr. Michał Kruk, Witold Woźniak, Teresa Kazimierska, Michał Wójcik, and Prof. Elżbieta Mączyńska

## “Social Capital” – 12 March 2015

### Prof. Stanisław Walukiewicz, Systems Research Institute, Polish Academy of Sciences:

The role of science, in particular the two-dimensional economics, is to help people to distinguish those cases where exceptions prove the rule from those cases where exceptions become the rule. Allow me to give an example. Tax fraudsters usually account for about 5% of the population, which means that the vast majority of people file honest and fair tax returns. But in pre-crisis Greece, 95% of tax declarations were false. So frauds were not an exception there, but constituted the rule. The case of Greece clearly shows that you could not make rational decisions based on the false assumption that the Greeks filed honest tax statements.

Although statements such as “demand equals supply” or “credit” is equal to “debit” are truths of an acknowledged type, to ignore them or to keep one’s head in the economic clouds ends up in a hard and painful collision with reality. You can see this perfectly in the case of Greece.

**Participants:** Prof. Stanisław Walukiewicz, Krzysztof Pietraszkiewicz, Prof. Przemysław Śleszyński, and Prof. Elżbieta Mączyńska.



From left: Krzysztof Pietraszkiewicz, Prof. Stanisław Walukiewicz, Prof. Elżbieta Mączyńska, Prof. Przemysław Śleszyński



# Economists



## Debate: “Comparisons in Economic Sciences – An Art or a Craft?” – 19 March 2015.



From left: Prof. Jan K. Solarz, Prof. Barbara Liberska, Prof. Łukasz Hardt, Prof. Stanisław Flejterski

## Prof. Łukasz Hardt, head of the Department of Political Economy at the University of Warsaw:

A fundamentalist in science believes it is possible to discover universal generalizations and universal laws of nature which do not depend on the context. Personally, I think that such laws are, in economics, very scarce, if there are any at all. The authors referred to Prof. Kowalik, but it seems to me that this book also refers largely to neoclassical, Marshall economics.

One of my favourite quotes from Alfred Marshall is from the “Principles of Economics”, the bible of neoclassical economics, stating that while science, including economics, passes through different stages of development, the laws of science should correspond with what they describe. In this sense Marshall, who is one of the fathers of neoclassical economics, probably thought that economists should not be doctrinaires or fundamentalists.

Participants: Prof. Stanisław Flejterski, Prof. Jan Krzysztof Solarz, Prof. Łukasz Hardt, and Prof. Barbara Liberska.

## “The Transatlantic Partnership in the Field of Trade and Investment” – 21 April 2015



From left: Konrad Gliściński, Maria Świetlik, Przemysław Wielgosz, Jakub Grzegorzcyk



The debate of the Polish Economic Society and “Le Monde diplomatique - Polish edition”, with the support of the Róża Luksemburg Foundation.

## Przemysław Wielgosz, Chief Editor of “Le Monde diplomatique – Polish edition”:

The new free-trade projects such as TTIP, CETA and TPP should be seen against the historical background of the crisis over the model of capitalism which developed after World War II, in which increases in productivity, GDP, and profits were accompanied by increases in the standard of living, wages, social transfers, etc. Today capitalism has become stuck in one place, spinning its wheels for three decades, with major centres of the system characterized by stagnation, low growth, a decline in the production and investment rates, and low productivity growth. This has not been changed by the neoliberal policies or the technological revolution feted by so many. In this crisis situation, the spheres of social life which are still free from the reign of the logic of capital (goods) become fields for accumulation. Wages, social security systems, pension systems, public services, and social rights are, from the point of view of monopoly and financial capital, viewed as costs and an unnecessary burden depriving capital of part of its profit. They are like a mountain of frozen money unfit for use - therefore one should defrost the mountain, liquidate it, and redirect its flow to the funding systems of

private corporations. Therefore, according to the methods of neoliberal crisis management it is important to: limit the growth or even decrease real wages, privatize social security systems, pensions, and public services, and reduce social rights by, for example, deregulating labour law. This philosophy explains the 30-year decline in the share of wages in the GDP of Europe, and the stagnation and decline in real wages suffered by 80% of employees in the US, the destabilization of labour relations (precarization), and the privatization (commodification) of public services and social security systems. Up until 2007-2008, the social consequences of this situation, i.e. an increase in inequality and a decline in social demand, were compensated for by means of loans, thereby supporting consumption. This model has collapsed.

In the current situation we can observe a new phase of crisis management aimed at saving the endangered profits. It involves some kind of new primitive accumulation, which means that - as Zygmunt Bauman said - "capital is looking for new pastures." But since the collapse of the Eastern bloc in 1989, when the non-capitalist zones were no longer to be found in the world, capital has turned to those areas of social life which in past decades has been un-commodified, or at least protected against commodification. In the jargon of TTIP supporters, various forms of non-commodification are called non-tariff barriers or indirect expropriations.

The new "pastures" envisioned involve the domain of common goods, which includes cultural, intellectual and genetic heritage, environmental requirements (limiting the possibility of shifting the costs of waste recycling on the environment), quality and consumer standards, food quality, digital rights, public space in cities, labour laws, employment standards etc. We are therefore faced with a radicalization of the existing neoliberal strategy of crisis management. Large monopolies and oligopolies need free trade, but for them this word means first of all a great fusion allowing for the expansion of their market shares, as well as the possibility of increasing internal trade in goods and thus financial flows and growth of profits, which for years have been drifting on a stagnant track. In short, today's monopolists need to retool the sputtering engine of capitalism.

The reason they seek to abolish non-tariff barriers is because this new capitalism is not able to move forward, it wants to grab what has not yet been subdued. So we wake up in the world of TTIP.

*Quotation from conference proceedings entitled "TTIP - Transatlantic trap", ed. Przemysław Wielgosz, Wydawnictwo Książka i Prasa, Warsaw 2015.*

**Participants:** Prof. Stanisław Rudolf, Przemysław Wielgosz, editor, John Hilary, Prof. Leokadia Ořeziak, Grzegorz Konat, Marcin Wojtalik, Konrad Gliściński, Maria Świetlik, Dorota Metera, and Jakub Grzegorzczuk

## The European Union Funds: Opportunities and Threats" – 11 May 2015



From left: Janusz Sepioł, Jacek Woźniak, Prof. Elżbieta Mączyńska, Prof. Grzegorz Gorzelak

**Professor Grzegorz Gorzelak, director of the Centre for European Regional and Local Studies of Warsaw University:**

The question arises: Are the funds flowing from the EU supposed to meet social or developmental goals? Initial assessments show that only a rather small part (we do not know exactly its dimensions) is spent on development projects. Strategies and programs talk about development, but only on paper, and in practice this does not happen. Although we take part in a fairly expansive programme "Innovative Economy", Poland continues to be one of the lowest ranking countries according to the European Innovation Scoreboard. Our innovation is not increasing as dramatically as one might assume from looking at the inflow of funds for "innovative" projects.

**Participants:** Prof. Grzegorz Gorzelak, Dr. Jan Olbrycht, Janusz Sepioł, Jacek Woźniak, Dr. Piotr Zuber, and Prof. Elżbieta Mączyńska



## “The Pros and (Positive?) Cons of Polish Capitalism Without Solidarity” – 21 May 2015.



From left: Prof. Maciej Bałtowski, Prof. Krzysztof Jasiecki, Prof. Ryszard Bugaj, Prof. Stanisław Rudolf, and Prof. Elżbieta Mączyńska

Discussion of the book of Prof. Ryszard Bugaj Prof. Ryszard Bugaj, Institute of Economic Sciences of the Polish Academy of Sciences:

The paradigm of neoliberal economics is creaking at the seams. There are numerous doubts as to its reasonableness and fairness, and only a few continue to absolutely support it. The problem is that this paradigm has not been replaced by any other consistent idea. Hence the first proposal, which I formulate, is a proposal to strengthen the institutional way of thinking about Poland's strategic problems in the long term. It should be a way of thinking aimed not only at influencing the political class, but also aimed at making sure this way of thinking found its way into the dialogue with citizens. That's what we are missing.

Participants: Prof. Ryszard Bugaj, Prof. Maciej Bałtowski, Prof. Krzysztof Jasiecki, Prof. Witold Modzelewski, Prof. Elżbieta Mączyńska, and Prof. Stanisław Rudolf.

## “On the Economics of a New Pragmatism”, by Grzegorz W. Kołodko – 16 June 2015

Prof. Maciej Bałtowski, Maria Curie-Skłodowska University in Lublin:

Good economics is not just a description of the world, but also an instrument to change it for the better. When we compare this with the goal which is set by orthodox, classical economics, we can see a fundamental difference, even a contradiction. But this contradiction is illusory. I think that the approach presented by Prof. Kołodko is justified and results from the methodological peculiarities of science and economics. Economics is a science different than all the others because the object of study, namely the economy, exists for some purpose. That is, it creates products, services and so on. This criterion of purposefulness is very important, and is implemented differently in different types of economic systems. But always there is a final product, with some expenditures as the input. This relationship between the results and exact sciences is always determinative. And it is this peculiarity of economics that makes the cognitive process in economics different than in other social sciences, not to mention the exact sciences. This process can be described in four steps. The first is a descriptive analysis of economic systems. The second step is then quite natural - namely comparison,



From left: Prof. Andrzej Matysiak, Prof. Grzegorz Kołodko, Prof. Maciej Bałtowski

because the systems are very different. They have different structures, different incentive systems, and different ways of regulation. But nonetheless this teleological nature, this product at the end, provides the possibility to compare them. The better economy is the one which better fulfils its purpose: the production of more goods with respect to the expenditures incurred. In turn, if we evaluate which economic system is better and which is worse, we can then move on to a recommendation, to a normative analysis in the classic sense (the third step). To quote from Prof. Kołodko: “Comparison is the primary research method in economics. The evaluation follows naturally from the comparison.” If we look at the historical development of economics, we have a trend of pure economics. The term “pure economics” comes

from Walras, but previously there was Ricardo, deductive economics, Marshall, von Mises, all the way down to the neoclassical synthesis. All these economists treated the science of economics as that which is to describe, understand, and explain reality. However, there is also a trend towards a postulative economy, which begins with Smith, and a good deal of pragmatism undoubtedly fits into this trend. This is a trend in which the analysis of

the economy leads directly to a better economy. It is not only about knowing, understanding, and describing, but also about showing what a better economy should look like. This is the fourth step.

**Participants:** Prof. Maciej Bałtowski, Prof. Andrzej Matysiak, Prof. Grzegorz W. Kołodko, and Prof. Elżbieta Mączyńska

## “Rural Development and SMEs in the Context of the Functioning of Cooperative Banks” – 15 October 2015

A debate organized by the Polish Economic Society and the Bank Polskiej Spółdzielczości SA [Polish Co-operative Bank] Zdzisław Kupczyk, President of the Bank:

For 153 years now, co-operative banks in Poland have invested in rural areas and small and medium-sized enterprises. In this way they built an economic civilization and raise the standard of living in these areas. They have survived many historical perturbations and still operate today. We are the institutions closest to the people - we adapt our products to the regions in which we operate, according to our tradition, and we have a stabilizing effect on the economy, even in a situation of crisis. The involvement of co-operative banks in loans to the SME sector is significant, especially compared with total assets. In this way we play an important role in revitalizing rural economies and help build the capacity of small and medium-sized enterprises. It is worth keeping in mind that co-operative banks not only engage in business objectives, but also take a number of initiatives for the communities in which they operate. Co-operative banks and affiliating banks provide preferential loans with subsidies from Agencies. Although it is a large burden, our Bank and co-operative banks provide approximately 80 million zlotys per year in funding projects in the AGRO sector, reflecting our constant commitment and demonstrating that our involvement in the government programme is very important for building the economic substance of the rural environment.



From left: Prof. Andrzej Bień, Prof. Elżbieta Mączyńska, Zdzisław Kupczyk, Prof. Piotr Masiukiewicz, Bartosz Kublik

**Prof. Andrzej Bień, Warsaw School of Economics:** It must be emphasized that the sector of the co-operative banking is very safe. It is a native banking sector, which operates here and has its roots here. Thanks to this sector Polish money is providing credit to the Polish economy. In many cases, co-operative banks have supported transactions related with the very rapid growth in the export of Polish food, without waiting for other organizations competent to deal with this problem. Many farmers have consolidated their production in order to be able to export and find new markets. They have succeeded thanks to the funding and understanding of cooperative banks.

**Participants:** Zdzisław Kupczyk, Prof. Andrzej Bień, Bartosz Kublik, Prof. Piotr Masiukiewicz, and Prof. Elżbieta Mączyńska



## “The Economic Crisis and the Crisis of Values” – 22 October 2015

Discussion of the book by Paul H. Dembinski and Simona Beretta

Prof. Andrzej Herman, The Collegium of Business Administration, Warsaw School of Economics:

The processes of globalization in the current neoliberal version accentuate not only economic problems, but also social and cultural problems, and at the individual level. Therefore, it is imperative not only to recognize the problem of creating economic value, but also to see it in the context of the destruction of other values which accompany the process of creating economic value by trying to commodify everything and in this way supposedly demonstrate the superiority of the economy. From this point of view economics is becoming less and less socially acceptable, because it tends to appropriate more and more areas of social sciences, and often economists are inclined to forget that economics is a part of culture; it is only a tool, a means to achieve certain goals. For example, “globalization and human rights” is an area that is worth developing, including from the point of view of the processes of capital accumulation. Prof. Dembinski deals primarily with the accumulation seen from the financial aspect and with the creation and/or destruction of value. It is also worth referring to the most recent work of Prof. Kornai, who 40 years ago wrote about the economics of shortages, and today writes about the management of excess and distinguishes two kinds thereof: the excess which results from the fact that something is missing, even if only,



The presidium table from left: Prof. Andrzej Herman, Prof. Paul H. Dembinski, Prof. Jerzy Wilkin, Dr. hab. Grzegorz Szulczewski

e.g., raw materials or works of art; and the excess which results from a different kind of rarity, namely, when production lags behind demand and the market. Management of excess must also be seen, as Piketty writes, in the context of the fateful distribution on a global scale. This practical dimension of economic axiology is gaining in importance, because the values grow out of human needs and one cannot bring these values into the extreme neo-liberal form, as the economic sociologist Gary Becker tried to do in his work on the economic justification of human activity.

Participants: Prof. Paul H. Dembinski, Prof. Andrzej Herman, Prof. Grzegorz Szulczewski, and Prof. Jerzy Wilkin.



## “The Explosion of Inequality?” – 3 November 2015

The debate of the Polish Economic Society and the Polish-American Foundation for Education and Economic Development on the book Prof. Maria Jarosz and Prof. Marek W. Kozak entitled “The Explosion of Inequality”

Prof. Maria Jarosz, Institute of Political Studies, Polish Academy of Sciences:

I would like to draw your attention to one dimension of inequality related to exclusion. Statistics show – not



From left: Prof. Adam Wielomski, Prof. Andrzej Zybertowicz, Prof. Maria Jarosz, Prof. Elżbieta Mączyńska, Paweł Budrewicz, Prof. Dariusz Juruś, Prof. Marek W. Kozak

only in our country, but also in Europe - that an uneducated man, who is now 20-30 years old, will have an average life span about ten years shorter than his educated peer. Viewed in this light, old age pensions become a misunderstood injustice. If people receive pensions at the same age, how can these poor, uneducated persons live to reap the same retirement benefits as their educated peers? A lot can also be learned about exclusion from the data on suicides. As a sociologist, I think that a death by suicide is an indicator of the disintegration of the society, a problem which I have pointed out in many of my books. Recently, I wrote a book entitled "Suicides: Why now?" I wanted to answer this question because something has changed since 2009. My research and analyses cover more than 60 years, and during these 60 years the number of suicides has constantly increased, by as much as 400%. There were however two periods when suicides suddenly dropped - by 35% in 1981, then again at the turn of 1989 and 1990, which undoubtedly was connected with the situation in the country during these periods, being times during which committing suicide seemed illogical, because something good may happen. In 1981, the highest suicide rate was among steelworkers, miners, and shipyard workers, i.e., the core of the working class. There was also one group where the number of suicides increased rather than decreased. This was the group of decision-makers in the middle and senior management. It was all a brief moment, however. In 1982, when martial law was instituted, the number of suicides increased again. After 1990 it also grew slowly, although it tended to stabilize at about five thousand persons committing suicide annually (Index 15). Then suddenly, beginning in 2009, the number of suicides ex-

ceeded six thousand and now oscillates around this number, with the highest suicide rate being reported among the unemployed, and now also among farmers. Although postulating with incomplete data, it appears that this latter phenomenon most often concerns farmers who have taken out large loans and cannot get out from under debt. There is another striking fact: nowhere in the world is the difference between the suicide rates of men and women so large as in Poland. In Poland six times more men take their own life than women. In the 1990s this ratio was five-to-one. We are regarded as a country of strong women and increasingly weaker men. In previous times too our women were always strong; the men fought in the wars or were in exile, while the women dealt with the children and managed the home. Prof. Janusz Tazbir quotes a Russian saying which can be translated as 'Here in Poland a husband is not more important than a woman', in comparison to the phenomenon in Russia, where the husband was deemed more important than the wife. Now this has changed in the sense that women are becoming better educated, taking up more senior positions and, above all, have much higher requirements in relation to husbands or partners. They feel their men should earn more and they should take care of the house. And in general they are bad in bed. Men, often having a macho image in their minds, cannot not adapt to these changing conditions in the same way that women do and increasingly more often simply end their lives.

**Participants:** Prof. Maria Jarosz, Prof. Marek W. Kozak, Prof. Dariusz Juruś, Prof. Adam Wielomski, Prof. Juliusz Gardawski, Prof. Andrzej Zybortowicz, Prof. Elżbieta Mączyńska, and Paweł Budrewicz.

## "Is True Corporate Social Responsibility Possible in Practice?" – 25 November 2015

The debate of the Polish Economic Society and the MBA Club

**Jacek Santorski, Academy of Leadership Psychology, Warsaw University of Technology Business School:**

If we talk about values, consistency is very important. Meanwhile, only a few of our customers are fully consistent in the CSR strategies which they implement. The most spectacular example for me concerns a situation whereby, on one hand, we were advising a company in terms of CSR strategy, and on the other hand we were running manage-



Piotr Wierciński before the microphone, Jacek Santorski on the right



ment training in the field of the art of presentation of the CSR policy of a company. During a management training session I heard a presentation of one of the directors, who spoke about how the company manages the forced trade credit. This procedure makes it possible to have an invoice payment period of 30 days, not 14. Then on the 28th day they find some error, and immediately postpone the execution of the payment to the next month. In addition there is still the appeal procedure. In this way, 70% of payments can be delayed for 90 days. I realized then that I

could not teach this director how to make a great, thrilling presentation about CSR. I have learned the hard way how inconsistent companies can be, whereby on one hand they might have a budget allocation to support CSR, e.g., a nursery school, kindergarten; and on the other they openly treat their business partners as someone upon whom they can force a trade credit.

**Participants:** Dr. Jacek Dymowski, Prof. Janina Filek, Jacek Santorski, Prof. Grzegorz Szulczewski, and Prof. Elżbieta Mączyńska

## “Risk Management in Polish Medium-, Small- and Micro-sized Enterprises” – 26 November 2015

**Prof. Romuald Holly, Warsaw School of Economics**

The subject of our research, conducted in the early spring and summer of 2014, was the attitude of owners and managers of small-, medium-, and micro-sized enterprises to market offers addressed to them by insurance companies, banks, subscription companies (including leasing companies), and other from firms operating in the financial and insurance markets. First of all, we wanted to find out why these companies made such little use of these products. It is estimated that only 20-25% of small-, medium-, and micro-enterprises take advantage of these offers.

It seems that they expect something different than what we offer them. Our products offer primarily restitution, through financial compensation, of a firm to its state before the risk materialized. “What’s good does that do? - said a business operator. “When a fire breaks out and my company burns down, I will receive the amount corresponding to the loss I have suffered, but my company will no longer be here.”



From left: Prof. Juliusz Gardawski, Prof. Romuald Holly

We take into account the inadequate structural criterion for the product offers. As it turns out, the formal classification into small-, medium-, micro-, and large-enterprises is less important than the classification which results from the position and the role these enterprises play in the economy and the environment in which they operate.

**Participants:** Prof. Juliusz Gardawski, Prof. Romuald Holly, Dr. Maria Błuszczńska, Dr. Dominika Cichońska, Katarzyna Kędzior, and Prof. Elżbieta Mączyńska

## “Ideas for the Crisis: Polish Economists Rediscovered” – 30 November 2015

The debate of the Polish Economic Society, “Le Monde diplomatique – Polish edition” with the support of the Róża Luxemburg Foundation

**Prof. Jerzy Osiatyński, Institute of Economic Sciences of the Polish Academy of Sciences and the Monetary Policy Council:** Michał Kalecki and Kazimierz Łaski, in their deliberations on the golden rule of accu-



From left: Prof. Jerzy Osiatyński, Prof. Elżbieta Mączyńska, Przemysław Wielgosz, Grzegorz Konat

mulation, focused attention on a kind of “movement” of the golden age economy along the “knife-edge” (in the sense of Harrod). They showed that the effect of investment is twofold. On one hand, when incurring investment outlays income is generated, as a result of which there may either appear inflationary pressures (when the economy is running at full utilization of production capacity), or better utilization of production capacity takes place and employment, GDP, and business and household income increase (when productive factors are not fully utilized). On the other hand, at some point these investments are placed into service, create new production capacity, and therefore begin to compete with the existing production apparatus. What are the conditions for maintaining equality between this new production capacity, which is the effect of new investments, and the income and demand which arise in the process of investment construction and what is the proper size which would ensure full use of the old production equipment too? This is the “knife-edge” – permanent preservation of the condition of stability. Can this condition be satisfied automatically under

freely operating market mechanisms, or does its fulfilment require state intervention? On the basis of the theory of both Kalecki and Łaski, this condition requires state intervention. The authors claim there is no such mechanism of market self-regulation which would ensure that effective demand would grow at exactly such a pace to ensure the full use of these constantly expanding new production capacities. The same applies to a planned economy, if the equilibrium in the consumer goods market is to be maintained. In their works on the centrally planned economy, Kalecki and Łaski paid a lot of attention to this need to maintain equilibrium, or equilibrium between the dynamics of the sector of capital goods and consumer goods. In terms of its historical evaluation, this is probably the most important, although not the only, piece of Prof. Kalecki’s achievements in the field of a centrally planned economy which remains valid until today as applied to a market economy, as is clearly shown by Łaski in his recent book.

**Participants:** Prof. Elżbieta Mączyńska, Przemysław Wielgosz, editor, Prof. Jerzy Osiatyński, Grzegorz Konat, and Rafał Woś, editor

## “Prospects for the Development of the Euro Area” – 15 December 2015

The debate of the Polish Economic Society and the Polish-American Foundation for Economic Research and Education, combined with the awards ceremony in the “Magister PAFERE” 2014-2015 competition, Edition V

**Stefan Kawalec, Capital Strategy, Chairman of the Board:** What strategy should Poland adopt towards the euro zone? Poland and the other EU countries which have their own currency can, in practice, remain outside the euro zone for as long as they wish, without breaking treaty obligations. Developments in the euro zone show how high the costs are of the loss of currency independence. Today, of the 500 million citizens of Europe, about 170 million live in countries outside the euro zone, and one cannot expect this number to significantly decline in the foreseeable future. During the discussions in the last couple of years, supporters of the euro mainly emphasized the expected political benefits. They believed that we should declare a rapid entry into the euro area just to be at the centre of decision-making. There is some rationale to this view, but I think that the proponents of rapid entry into the euro area do not appreciate the economic costs of giving up their own currency, which in my opinion are greater than the expected political benefits. In addition, the political benefits may not materialize at all, because the opportunity to influence our fate in the European Union in the euro



Prof. Andrzej Sławiński, Stefan Kawalec, Prof. Elżbieta Mączyńska, Paweł Budrewicz

area may be much smaller in the future. The possibility of influence depends on the ease of movement. Today we have such ease of movement because, thanks to our own currency, we are in a pretty good economic situation. We have our own central bank and therefore can freely express our views. On certain matters we can even think about taking a different stand than the largest European powers. Within the euro area this freedom is gone. Countries without their own currency and their own central bank have significantly limited sovereignty. Poland should not lightly give up its own currency. On the other hand we should make efforts to maintain the European Union, to maintain the common market, and to prevent the exit of the UK from the European Union.

**Participants:** Prof. Elżbieta Mączyńska, Paweł Budrewicz, Prof. Andrzej Sławiński, Sebastian Wiczorek, Prof. Oskar Kowalewski, Stefan Kawalec, and Jacek Czech



■ Stanisław Rudolf\*

# The Transformation Process in Poland and Its Results

Interest in the transformation of the countries of Central and Eastern Europe has currently dwindled in the 'West'. Some authors are of the opinion that the transformation processes have been largely completed, hence dealing with them has lost its relevance.

## Introduction

Most of the works on the subject were published within a dozen or so years following the start of the transformation processes in the region. The authors attempted to sum up the transformation, to assess both the economic and social results, as well as to point out its faults and weaknesses, many of which could not have been avoided. However, looking at the transformation from the perspective of a quarter of a century can also be interesting and instructive, as it allows for a more complete evaluation and makes it possible to refer to its achievements and its main premises with greater distance.

The process of transformation implemented in Poland, i.e., the

transition from a command economy to a market economy, was of a radical nature and is generally referred to as Poland's "shock therapy." During the implementation of this process, the so-called "Washington Consensus" was relied on, developed largely on the basis of the experiences gained from the implementation of transformation in Chile<sup>1</sup>, where in the years 1973-1989 a similar transition from a centrally planned economy to a market economy was implemented. It is worth noting that the accomplishment of the transformation in Chile coincided with the start of the transition in Poland. Both countries used the liberal paradigm of systemic transformation. This was due to the enormous popularity of the liberal-conserva-



tive theory in Western countries at that time. This popularity should be associated with the successful applications of this theory in Great Britain (1979 - 1990), and the USA (1981 - 1989).<sup>2</sup>

The positive British and American experiences, as well as the experience of transformation in Chile, determined the shape of the Polish transformation. It was a "model of conventional macroeco-

\* Stanisław Rudolf – Professor, WSB University in Gdansk

<sup>1</sup> The term 'Washington Consensus' was coined in 1989 by J. Williamson, Director of the Institute of World Economy. Initially, the Consensus was addressed to countries in Latin America, but later its recommendations extended to other countries implementing transformation processes, including the post-communist countries. These recommendations then became the basis for the recommendations of the International Monetary Fund and the World Bank. The recommended goals of transformation included: construction of a free market, economic discipline, and openness to globalization (J. Williamson, In Search of a Manual for Technopolis, [in:] J. Williamson (ed.), The Political Economy of Policy Reform, Institute for International Economics, Washington DC, 1994).

<sup>2</sup> M. Handschke, *Transformacja ustrojowa w Chile i w Polsce – elementy analizy porównawczej*, [in:] W. Jarmolowicz (ed.), *Liberalizm ekonomiczny w dobie transformacji, integracji i globalizacji*, "Zeszyty Naukowe" No. 230, Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, Poznań 2012.

economic policy based on the assumption that the broad launching of market mechanisms and the opening of the economy would provide incentives for the creation of effectively operating institutions.”<sup>3</sup> This assumption proved to be true in general, but the implementation of this model was not free from errors. The errors involved, inter alia, the appearance of externalities in the form of corruption and other types of deviation. For example, the Polish Government focused attention on economic growth and neglected spending on the so-called ‘social infrastructure’ (education, research, health care, etc.).

Examination of the Polish transformation, with a focus on institutional changes.<sup>4</sup>

### The mechanism of systemic change and its effects

It is difficult to overestimate the role of institutional change in the implementation of transformation processes, because the economic system can be defined as a system of interconnected institutions. According to this view of the economic system, it may rightly be said that “systemic transformation is a fundamental institutional change”. Viewed in this light, in analysis of the processes of transformation it is virtually of no significance whether it was the so-called “shock therapy” was employed, or whether the changes were spread over a longer period of time, even if the latter did not have such a revolutionary character. In both these cases the implemented changes were fundamental

in nature, with only their accents differently distributed over time. In both cases the institutions have been fundamentally changed, including those of both a formal and informal nature.

Political change does not, however, settle the issue of the durability of changes. Only qualitative changes in the economic system can consolidate the change in the matrix. Even if a political change takes place very quickly and is of a one-time nature, the changes in the economic system and in the society are spread out over many years. Due to the different economic, political, and social conditions these changes take place in different ways, and their pace, scope, and depth differ. In practice, each country has unique, characteristic conditions, which strongly affect the varied results of such changes, as measured by, e.g., economic growth or the level of per capita income. This is confirmed in

this analysis of selected countries.

The institutions decide not only on the way the fundamental change is implemented, but are also considered as one of the most important drivers of economic growth and of the effectiveness of the transformation process. This is in line with the assertion that “markets do not function effectively under conditions of an underdeveloped institutional structure.”<sup>5</sup> In this regard we may refer to the work of D.C. North, who asked the two-pronged question: Why do countries with comparable conditions develop at different rates, and why do some countries manage to utilize their existing potential much better than others? The reasons for this diversity are sought in the different institutional matrices created by these countries.<sup>6</sup> Such matrices, i.e., systems of interconnected institutions, can in some countries stimulate development through embedded incentives, while in oth-

Table 1. Macroeconomic conditions in selected countries in 1989

Type of indicator (%)	Poland	Hungary	Czech Republic	Slovakia	Lithuania	Ukraine
GDP growth	0.2	0.7	4.5	1.0	- 5.0	- 4.0
Industrial production growth	- 0.5	- 2.1	1.7	- 0.7	N/A	- 0.1
Inflation rate	251.1	17.0	1.4	2.3	8.4	4.2
Budget deficit (% of GDP)	- 3.0	- 1.2	- 1.2	- 0.6	N/A	N/A
Foreign debt (% of GDP)	49.3	65.8	11.4	10.3	N/A	N/A
GDP per capita (US\$)	8,038.0	12,390.0	16,211.0	12,536.0	12,537.0	8,063.0
Share of the private sector in GDP	30.0	5.0	5.0	5.0	10.0	10.0

Source: Based on T. Kowalski, *Polska transformacja gospodarcza na tle wybranych krajów Europy Środkowej*, “Ruch Prawniczy, Ekonomiczny i Socjologiczny”, 2009, issue 2, p. 295

<sup>3</sup> Cf. B. Klimczak, *Paradoks instytucjonalny transformacji systemowej w Polsce*, [in:] B. Klimczak (ed.), *Ekonomia. Mikroekonomia i ekonomia instytucjonalna*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2009, pp. -203.

<sup>4</sup> J. Wilkin, *Co wniosła transformacja postsocjalistyczna do teorii ekonomii*, [in:] J. Kleer, A. Kondratowicz, *Wkład transformacji do teorii ekonomii*, Wydawnictwo CeDeWu, Warszawa 2006, p. 118.

<sup>5</sup> T. Kowarski, C. Wihlborg, V. Vensel, *Rozwój środowiska instytucjonalnego w nowych krajach Unii Europejskiej. Przypadek Estonii i Polski*, “Ruch Prawniczy, Ekonomiczny i Socjologiczny”, 2007, Vol. 1, p. 253.

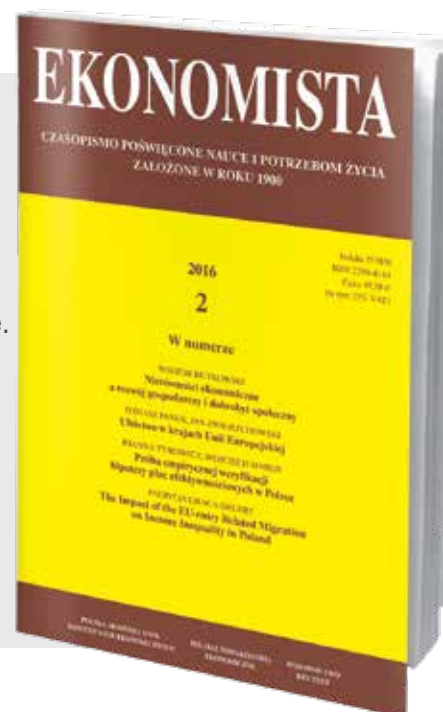
<sup>6</sup> D.C. North, *Institutions*, “Journal of Economic Perspectives”, 1991, Vol. 5, No. 1.



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er countries such incentives may be much weaker and result in a weaker growth rate. It is not easy to change such a matrix into a pro-growth matrix; it is largely dependent on a country's historical background.

Table 1 summarizes the macro-economic indicators in Poland on the eve of the transition, viewed against the background of the selected countries of Hungary, the Czech Republic, Slovakia, Lithuania, and Ukraine. The Polish situation, especially in comparison with the Czech Republic, Hungary, and Slovakia, was at that time very unfavourable. It was characterized by a nearly zero rate of economic growth (0.2%), a decrease in industrial production (-0.5%), a very high level of inflation (251%), high foreign debt (close to 50% of GDP), and a large budget deficit (-3.0%). The level of GDP per capita deserves particular attention, being much lower in Poland and Ukraine (about US\$ 8,000) than in the other countries. In comparison, this level in Hungary, Slovakia, and Lithuania was about 50% higher,

while in the Czech Republic it was 100% higher.

Hence the selected countries started from distinctly different levels of economic development and the general situation of Poland was extremely unfavourable. Today, after nearly a quarter century of transformation, the situation has changed dramatically. The most beneficial qualitative changes in the economic system took place in Poland, and the GDP per capita can be used as an objective measure of these changes. The available data for 2014 are summarized in Table 2 below.

As can be seen, a quarter century after the beginnings of the transformation the GDP per capita in individual countries has substantially altered. The growth in

this indicator was definitely the highest in Poland, compared to the other selected countries. The worst situation is clearly visible in Ukraine, where GDP per capita remained virtually unchanged. At the threshold of the transformation process, this indicator for Ukraine was similar to that of Poland, while now it has dropped to the level of about 35% of Poland's. GDP per capita also changed relatively little in Hungary, as a result of which Poland is now ahead of Hungary and has definitely come closer to the Czech Republic and Slovakia. The gap between Poland and these countries decreased from 100% to 25% (the Czech Republic) and from 50% to 10% (Slovakia). It is worth noting that in terms of this indicator Poland has

Table 2. GDP per capita in Poland and selected countries in 2014

Type of indicator (%)	Poland	Hungary	Czech Republic	Slovakia	Lithuania	Ukraine
GDP per capita (US\$)	25,200	25,000	30,100	28,300	27,300	8,700

Source: *International Monetary Fund 2015*.

also come closer to some of the old EU countries. In 2014, GDP per capita in Poland was only about 7% lower than in Portugal, and almost the same as in Greece.

### Factors determining the effectiveness of transformation

In light of Poland's excellent achievements, especially comparatively speaking, it is worthwhile to examine the factors which were most decisive for the effectiveness of Poland's transformation. In my opinion these include, among others:

► Favourable institutional changes, both in terms of formal and informal institutions;

► The relatively high - much higher than in the other countries under study - share of the private sector in GDP at the beginning of the transformation;

► The existence of an administrative cadre, already prepared by the opposition, to take power after the fundamental political change.

The first factor is of undoubted great importance. It can be generally concluded that the institutional arrangement in Poland prejudged its dynamic development during the transition. This applies to both formal and informal institutions. The former were in some part a continuation of the institutions of a market economy developed in the interwar period in Poland and which remained in place, albeit dormant. By making the necessary

amendments it was possible to restore their operation. In addition, their return was treated as natural and therefore did not arouse much emotion or protests. They were in fact treated as one of the important elements in Poland's 'return to Europe'. Such institutions have now been in operation for many years, before being replaced in some cases by more modern institutions, better adapted to the existing conditions.<sup>7</sup>

Nonetheless the vast majority of formal institutions created in Poland followed Western solutions which were alien to Poland and required the approval of informal institutions. The radical nature of the changes (the so-called "shock therapy") created some additional complications with respect to such approval. This was particularly visible at the beginning of the transformation process. The then-existing political and social situation in Poland was conducive to carrying out reforms, and the Polish society was characterized by a relatively high degree of self-organization, which was a consequence of the emergence and development of Solidarity in the years 1980-1981. As a result, the group which took over power inherited, in this respect, comfortable conditions.

This fact was especially important in terms of legislative activity. The formal institutions restored from the interwar period were just a

drop in the bucket compared to the needs of the nascent market system. Appropriate acts were anxiously awaited by enterprises, and fortunately the above-described unique political situation was conducive to a high "production" of legal acts. In the early years of transformation the Polish Parliament passed nearly 100 acts per year. An even greater number of regulations and agreements important for the economy were implemented<sup>8</sup>, and they probably were decisive for Poland's further dynamic development.

As has been noted, informal institutions also played a key role in this process. During the final stages of communism they were already developing in opposition to the system, and their development predetermined society's acceptance of the radical changes, despite the negative phenomena which accompanied them in the initial period of the transformation (hyperinflation, high unemployment, etc.) This was confirmed by J. Zweinerft and N. Goldsmidt, who assert that such acceptance should be associated with the favourable attitude of informal institutions.<sup>9</sup>



<sup>7</sup> The Commercial Code enacted in 1934, may serve as an example. It has never been formally cancelled, but because of the existing ownership structure had ceased to be practically used in Poland, except in a few instances, for example when companies with foreign capital were established in seaports at which Polish ships often called. After 1989, the Code was subjected to a few amendments and remained in force until 2000, when Parliament passed a new "Commercial Code".

<sup>10</sup> See T. Kowalski, *Postrzeganie otoczenia instytucjonalnego w Polsce w latach 1997 – 2009*, "Ruch Prawniczy, Ekonomiczny i Socjologiczny", 2011, op. cit., p. 151.

<sup>8</sup> Cf. T. Kowalski, *Postrzeganie otoczenia instytucjonalnego w Polsce w latach 1997 – 2009*, "Ruch Prawniczy, Ekonomiczny i Socjologiczny", 2011, Vol. 1, p.161.



The favourable arrangement of informal institutions also played an important role in preparing Poland's membership in the European Union. This particularly concerns the adaptation of the Polish legal system to the hundreds of EU legal acts, a task which the Polish parliament satisfactorily fulfilled. In the years 2001-2004 the Parliament passed more than 200 such acts a year, generally referred to as implementation of the *acquis communautaire*.<sup>10</sup> This was undoubtedly a huge success for the Polish legal system and resulted in the improved quality of the regulatory, legal, and business environments.

The second of the above-listed factors pre-determining Poland's success involves the relatively wide range of the market economy which was in place on the threshold of the Polish transformation. This is reflected by the initial relatively high share of the private sector in the creation of the Gross Domestic Product as compared to the other countries under study. As shown in Table 1, in 1989 the private sector in Poland produced about 30% of GDP, while in Hungary, the Czech Republic, and Slovakia, this sector's share accounted for only about 5%. Undoubtedly the wider scope and share of the private sector in Poland in comparison with the other analysed countries was mainly connected with the fact that agriculture had been left in private hands in Poland. The attempts to create communist-style production cooperatives in Poland had failed, while such cooperatives had been established in other communist countries. In addition,

small private businesses were also comparatively quite well developed in Poland.

In the final period of communism some countries made attempts to reform their economies through the gradual introduction of market-based solutions. In Poland this process had already begun in the 1970s when Government permitted the establishment of so-called "Polonia" companies. These companies continued to develop through the second half of the 1980s, and in 1988 there were about 700 such firms, with over 80,000 employees. It may be noted that similar attempts were undertaken also in Hungary, even much earlier than in Poland (i.e. as early as in the late 1960s), but progress in this respect in Hungary was very slow, and did not occur in the other countries under study.

The market experience of Poles was much more extensive and also involved the so-called "Tourism economy". A large part of the population visited West Berlin or Turkey for commercial purposes, some of them on a regular basis. All this meant that at the onset of the transformation process, a significant number of Polish citizens already had some experience with elements of a market economy. These experiences proved to be extremely useful, especially during the initial transition period. The economic activity initiated during this period in many cases marked the onset of the formation of a substantial domestic capital.

The third of the factors listed above involves the establishment within the communist system of

opposition institutions. These were mostly illegal institutions, gathering together a rebellious citizenry interested in changing the existing political system, at the same time representing a high intellectual potential. These institutions shaped the cadres for the new system, which thus consisted of persons properly prepared to take power following the political changes. They later made significant and proper use of their skills for the development of the country. In none of the other countries in question was the opposition as strong or well-organized as in Poland, nor did the transfer of power take place so smoothly in any of the other countries under comparison.

The importance of having ready cadres shaped by the opposition proved invaluable in the initial transition period, i.e., during the creation of new formal institutions, the creation of which later determined the course of the transformation process. The widespread social support for these institutions, as well as for the reforms implemented by them, to a large extent should be associated with the existence of such a well-prepared cadre. The names of the new leaders also played a decisive role, as they were already widely known for their opposition activities and enjoyed public confidence, which laid the groundwork for the popular acceptance of the radical reforms, even though they resulted in a significant deterioration in the standard of living for some time.

There are many indications that this third factor was decisive for the course of the transformation process. The reason the Polish opposi-

<sup>9</sup> J. Zweinerft, N. Goldsmidt, The Two Transitions in Central and Eastern Europe as Process of Institutional Transplantation, "Journal of Economic Issues", 2006, no 40.

tion was so well-developed in comparison with the other countries under study was because the range of democratic freedoms in Poland was much wider than in Hungary or Czechoslovakia, and it is difficult to even talk about such freedoms in Lithuania or Ukraine, which were part of the Soviet Union. It is also worth noting that the Polish underground organizations maintained close cooperation with similar organizations in Hungary and Czechoslovakia<sup>11</sup>, assisting them with organization and instruction etc. The preparation of these cadres in these countries proved to be a decisive factor in their taking over power as well, more so than the other factors in their case.

In assessing the effectiveness of the Polish transformation in comparison with the other countries under study, special attention should be paid to yet another factor. Initially the other countries had a somewhat easier task, since they began their transformations with some delay. The transformation in Poland began in 1989, in Hungary and Czechoslovakia in 1990, and

in Lithuania and Ukraine in 1991. These countries thus had a kind of bonus resulting from the possibility of following the early Polish experiences and avoiding mistakes.

### Summary

The success of the twenty-five years of post-communist transformation has confirmed in its entirety the essential role of institutions, both in terms of bringing about fundamental political changes as well as in the process of implementation of transformation processes. This applies to both informal and formal institutions. The literature points out the importance of both complementarity and the coherence of institutions for the smooth implementation of these processes. The varied pace of transitional changes in the former communist countries is explained by deviations in the “institutional balance”, which pertains to both formal and informal institutions. Such deviations, which concern, e.g., Ukraine, Bulgaria, and Romania, explain the low efficiency of transformation in these countries.

This balance does not always equate to the democratic nature

of changes, although such a character does result from D.C. North’s theory of transformation. Reforms can also be imposed by the authorities. To some extent this situation took place in Poland, although it is rarely recognized. The reforms prepared by L. Balcerowicz, the then-Minister of Finance, were easily adopted by the Parliament in the absence of opposition during this period. Their legitimacy or, more broadly the legitimacy of the so-called “shock therapy”, is still the subject of lively discussion. It has both its supporters and opponents. Seen from today’s perspective I am inclined to recognize this kind of therapy as justified.

The literature also highlights another aspect of the post-communist transformation. According to J. Wilkin it was “an excellent laboratory for the study of spontaneity and creationism in shaping economic institutions.”<sup>12</sup> Such studies however have been carried out mainly by Western authors, because they could obtain more funds for that purpose. It is worth emphasizing that the ‘transformation wave’ which commenced in 1989 was the first such large transformation process to be implemented in parallel in such a number of countries. The studies conducted make it possible to compare these processes and to analyse, inter alia, the effects of different conditions on the transformation processes in these countries.

It can generally be concluded that the transformation processes have, due to their complex character and the difficulty associated with explaining them on the grounds of neo-classical economics, helped to accelerate the development of new institutional economics.



<sup>11</sup> The division into the Czech Republic and Slovakia took place in 1993.

<sup>12</sup> J. Wilkin, *Co wniosła transformacja...*, op. cit., p. 118.

■ Elżbieta Mączyńska\*

# Poland's Socio-Economic Potential and Barriers to Its Use

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Poland advantageous economic results stand out against the background of the European Union. Despite the global crisis, the growth rate of Poland's GDP remains relatively high (especially in comparison with the countries of the euro zone). This can be considered as a sign of our strong development potential, which has also been confirmed by the progress made during the twenty-five-plus years of the transformation period (see S. Rudolf, *The Transformation Process...*).



The future possibilities for Poland's sustainable socio-economic development will be determined by the methods and effectiveness by which Poland uses its own sources of developmental potential. Macro-economic barriers to optimal use of this potential involve, *inter alia*:

- The deteriorating demographic situation (low fertility rates and the decreasing number of people of working age, together with the growing number of elderly people);
- Phenomena related to the syndrome of premature de-industrialization;
- Permanently high unemployment;
- The relatively low level of wages and related social exclusion;

- Strong income polarization and increasing wealth stratification.

These phenomena, if not dealt with properly, could create insurmountable barriers to further development, including a demand barrier which would create, among other things, barriers to employment and wage growth. Low wages in turn constitute a disincentive for innovation.

These factors, coupled together by negative synergy, could create an anti-innovation ecosphere and to a large extent form a vicious circle. This could be further aggravated by the increasing deflationary processes, the decline in interest rates, and the liquidity trap syndrome, which among other things results in a low propensity of companies to invest, even despite hav-

ing increasing amounts of money at their disposal.

All these factors could create conditions not only for the middle income trap, but also create the risk of permanent stagnation, already visible in the richer countries, e.g., in the USA, (see E. Mączyńska, *Stagnacja na wieki* [Stagnation forever]). Such risk emerges in these countries in conditions of zero or negative real interest rates and the tendency to maintain liquid cash resources instead of investing. This reduces the chances for an investment revival and an invigorating rise in interest rates, which thereby increases the gap between the actual and potential GDP.

These threats also apply to Poland. "Although we delude ourselves that the Polish miracle is a

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symptom of Polish specifics, this by itself does not change the fact that Poland is characterized by an anti-innovation culture of a *croissant*” (see J. Żakowski, *Polski rogal* [*The Polish croissant*]). These developmental barriers are not only of an economic nature, but also of a social, cultural and political nature [(see section *Co nam przeszkadza* [*What is impeding us*)]. Moreover, among the various barriers there also is a negative synergy of feedbacks, leading to an antinomial drift (“Simultaneous progress together with anachronism; being in the front and dragging behind” – see P. Czapliński, *Antynomiczny dryf* [*Antinomial drift*]).

Although it is usually more or less clear what actions could be taken to remove blockades, often there is no political will and/or political mechanisms to take such actions. This antinomial drift acts, as described by Tobin, like “throwing sand in the wheels”.

Almost every factor of Poland’s development potential has an equivalent agent blocking development (i.e. there is always a down side). Antinomial drift causes a significant part of the development potential to be blocked or wasted to fight problems that we ourselves create.

These problems are primarily:

- An inefficient system of law-making and enforcement of law; the weakness of the judiciary and the excessive duration of judicial proceedings, including in economic matters; dysfunctions of democracy; and ‘legal inflation’. The latter term refers to the variability and complexity of legal regulations, which “soften them”. Laws are often excessively detailed, such that almost every change in the economic reality creates the need for detailed le-

gal adjustments. It’s like chasing the white rabbit.

- The overly complex, opaque, and irrational tax system. The system in its current form does not properly perform any of its fundamental functions - neither fiscal, redistributional, nor pro-development. It is expensive and encourages the circumvention of regulations and the manipulating and evasion of taxes, including the tax carousel and VAT tax theft. The tax burden falls most heavily on the poorer segments of society and least affects the richest.

- The weaknesses of Poland’s labour laws foster manifestations of the nineteenth-century model of capitalism, and even ‘farmhand jobs’ in labour relations. This creates not only purely economic problems, but also social tensions, reducing the quality of politics and fostering bad relationships in the workplace.

- The growing public debt and lack of sustainability of public finances make it difficult to fight unemployment and increases the risk of deterioration of the demographic situation, with resulting increases in spending on pensions and on health care.

- The dysfunction of the political system increases the ‘election cycle syndrome’ and the related precedence of electoral objectives over long-term objectives, which is harmful to the economy, especially to its macroeconomic and socio-economic efficiency. This reinforces the phenomena associated with the old saying, known to democratic systems, that “efficiency has no voters.” The syndrome of a short electoral cycle, and the resulting dominance of a short-term perspective, is accompanied by a marginalization of the culture of strategic thinking. This is not conducive to pro-

developmental and pro-inclusive investments in the economy, which require a longer time horizon.

- The increasing anomic and erosion of trust, deregulation, lowering of ethical standards, and chaos and contradictions in the system of values result in a build-up of uncertainty and make it difficult to assess what is good and what is bad in people’s actions, in political decisions, and in the functioning of the economy, and in addition makes it difficult to determine which ways of attaining goals are acceptable and which are not; and what is value, and what is anti-value. Because of all this, despite its transformation successes Poland still ranks in the “lower-end” of the ranking on innovation, which is a key prerequisite for further bridging the gap between the developed countries after 2020 and reducing the risk of the middle income trap.

### The need to change the paradigm and socio-economic priorities

Persistent unemployment, social exclusion, and an imitative model of



development and other manifestations of the wastage of development potential represent a long-term threat to Poland's harmonious, sustainable, socio-economic development. This highlights the need to seek a new model and new foundations for economic decision-making, including in the sphere of innovation and related investments.

This model should be a pro-inclusive one, in which social cohesion would be the main driving force of development and a public priority, and the chrematistic effect (enrichment) is just an effect, not the goal. Such a model is consistent with the requirements of the civilization of knowledge society, releases human capital, strengthens social capital, promotes the optimal use of developmental potential, and stimulates innovative, efficient, sustainable paths of long-term development.

The need to change the paradigm has, with respect to Poland, a three-fold dimension:

- Firstly, it results from the need to catch up in terms of the share of research results (R & D) implemented in the economy;
- Secondly, it is connected with the necessity to intensify the rational implementation of knowledge resources available on a global scale;
- Thirdly, it involves the need to free the economic decision-making process from the omnipotence of short-termism, i.e. the priority of short-term goals.

The asymmetries, disequilibria, and the antinomial drift characteristic of Poland are weakening Poland's development potential. The reasons for this are complex. They are not only of an economic and political nature, but also of a cultural and civilizational one. Not all of them can be quickly eliminated, and this applies especially to the

civilizational and cultural reasons. But neither are any of them given forever.

The pro-inclusive model of development is supported by a number of factors, including the experiences of other countries. International comparisons show that countries with a greater inclusiveness of their socio-economic system, i.e. countries in which the sustainability of socio-economic policy (e.g., towards the labour market) is of high rank importance, have a greater resilience to threats and developmental crises. This is because, inter alia, by making better use of human capital their development is to a greater extent based on integrating competences, which increases the level of innovation. According to the ranking of innovation in the European Union developed by the Dutch UNU-MERIT institute, four countries rank at the top of list: Sweden, Denmark, Germany, and Finland. Three of those countries - Sweden, Finland, and Denmark - also occupy high places on the Bertelsmann Foundation's European ranking of social justice, which takes into account the prevention of poverty, equal access to education, employment and health care, social cohesion, and intergenerational equality. In contrast, neglect of pro-inclusive policy (as it is widely understood), motivated by short-term chrematistic objectives (ad-hoc profits or savings), results in the negative phenomena of "social sub-tenancy" and exclusion. This weakens social capital, leads to a marked reduction in economic growth opportunities (see J. Czapieński, *Ekonomiczne znaczenie miłości dalszego bliźniego* [*The Economic Importance of Continued Love*

*of a Distant Neighbour*]), and inhibits innovation. According to the same sources, out of the four countries with the lowest level of innovativeness in the EU (Bulgaria, Latvia, Romania, and Poland), two - Romania and Bulgaria - are at the bottom of the ranking of inclusiveness (alongside Greece and Hungary), and the two others rank only slightly higher.

The need for inclusiveness and its corollary - reducing the growing inequality in income - has been confirmed by numerous studies, including those published recently by experts from the IMF (Ostry, Berg, Tsangarides, 2014). The importance of inclusiveness and its positive impact on economic efficiency was also confirmed in studies conducted by Florence Jaumotte and Carolina Osorio Buitron, which also show the positive impact of unionization on the rationality of functioning of enterprises and the increase in inclusiveness (POWER from the PEOPLE, 2015). Earlier, Joseph Stiglitz also pointed out that inequality is one of the factors which wastes development potential and contributes to the gradual dependence of states on capital (Stiglitz, 2013). The importance of inclusiveness was even appreciated by Milton Friedman, considered to be the "pope of neo-liberalism", who suggested a negative income tax for the lowest-income people as an important factor of economic stability and maintaining demand. These and other studies also show that employee participation in corporate management fosters the rationalization of management decisions and strengthens the position of companies on the market.

Research and rankings, together with comparative analyses, indicate that a paradigm which exces-

sively impedes inclusion in favour of competition and which overestimates the importance of rivalry based on efficiency at the expense of safety, leads, as a result of citizen's insecurity, to the formation of a civilization of conflicts and quarrels, a culture of permanent aggression, a cheating society, exclusion and self-exclusion, passivity, hostile confrontations, and destructive criticism of others, all of which result in increasing insecurity, creating a vicious circle. These phenomena undermine the ability to work together, which is a prerequisite for growth based on innovation, understood as the implementation of positive changes (see E. Bendyk, *Złożony świat innowacji* [*The Complex World of Innovation*]).

Excessive market confrontations, resulting from destructive competition, lead to many undesirable phenomena, threats, and "risky behaviour" (e.g., addictions), which bring about high social costs and make "the boundary between rivalry and destruction almost imperceptible" (A. Morita – see Hampden-Turner, *Trompenaars*, 2012, p. 122). These types of intertwined threats also exist in Poland. One of their symptoms is narcissism, giving vent to excessive, ostentatious consumption undermining the economic stability of many families and being an expression of the culture of superficiality, which is a kind of consumption exhibitionism and uncritical complacency with regard to one's addictive symbolic consumption, characterized by rivalry and a desire to achieve status. This is one of the reasons why "the energy of Polish modernity is being exhausted" (Czapliński) – partly along with the depletion of its "creditworthiness".

The priorities of the socio-economic policy are closely connected with the formation of the state-market

relationship. They define long-term strategic goals – socio-economic objectives beyond the electoral cycle aimed at creating a system of values corresponding with provisions of the constitution. Czapliński's observation that "once holistic concepts – of the welfare state, emancipation of the individual, liberalism, and a free market – have become unceremoniously cut and crushed" can be regarded as the literary quintessence of the drift in this area. This increases the risk of social anomie and the erosion of trust.

The emerging socio-economic dysfunctions in Poland (including increasing manifestations of social exclusion) and the apparent direction of the post-crisis civilization shift indicate that today the Polish developmental priority should be focused on social inclusiveness as broadly understood, meaning the involvement of all participants in Poland's social and economic life in order to make optimal use of its developmental potential and prevent its wastage.

In today's economy of highly developed countries, the barrier of effective demand makes social inclusiveness one of the primary developmental obstacles. Scarcity of demand arises from with the rapidly growing (as a result of technological change) growth opportunities in the production of goods and services. This leads to overproduction and its related extensive negative consequences, such as reductions in employment and investments, devastating competition etc., also creating the vicious circle syndrome. A new model of developing socio-economic reality is necessary to break this circle.

### **Social inclusiveness as a priority and prerequisite of sustainable, harmonious development**

Social inclusiveness, which induces

social cohesion, requires the multi-dimensional involvement of all participants in social and economic life in order to achieve optimal creation and exploitation of development potential. The inverse of inclusiveness is social exclusion, mainly manifested by unemployment and poverty.

Social inclusion is a value in itself. In this study, however, it is treated primarily as a driver of innovation, competitiveness, and economic efficiency. Under the present conditions a model of social inclusiveness is also a model that brings about an increase in innovation. It is essential to put Poland on the tracks of the "civilization of knowledge", which is a prerequisite for further sustainable development. An inclusive system both releases and drives creativity and entrepreneurship by strengthening positive relationships based on the sense of security, trust, and a community of interests. An inclusive economy is a system based on the greatest possible number of sovereign and equal participants, joined by bonds of partnership and conscious interdependence rather than hierarchy and subordination in relations between the state, citizens, businesses, and social groups.

Under the conditions of today's knowledge civilization, the ability to produce, accumulate, process, disseminate, and wisely use knowledge becomes the main engine of growth. Every instance of exclusion inhibits development, because it always limits the social capability to use knowledge and other elements of human capital. Exclusion is to a large extent the result of weak inclusive mechanisms, both social and economic.

**The fundamental elements of an inclusive socio-economic system are:**

- **Institutions of social inclusion**, aimed at developing and strength-





Prof. Elżbieta Mączyńska during the 6th Innovative Economy Congress, Warsaw, June 2015

ening civilizational achievements. These are understood as the regulations concerning, *inter alia*, achievements such as universal social security and health care, universal access to education, a guaranteed minimum wage, trade union rights, and protection of common goods;

- **Inclusive enterprises**, aimed at the optimal absorption of knowledge and innovation, and the effective reconciliation of the interests of employers with those of employees and the public interest;

- **An inclusive market**, i.e. a market characterized by optimal, socially accepted rules of entry and exit, understood as the guarantor of the contract culture, fostering symmetry in the rights of contractors as business partners and including the protection of consumer rights;

- **Inclusive State, law and local government institutions** as guarantors of justice and respect for the rule of law, supporting creativity, innovativeness, and the development of pro-inclusive institutions, and also operating as a system which prevents the creation of exploitative institutions and inequalities in access to the law.

There is increasing evidence that the inclusiveness of a socio-economic system is a prerequisite for harmonious development, while social exclusion (i.e. excessive inequality) and the non-inclusiveness of a socio-economic system inhibit its development and create crises. This is reflected in the results of the work of Daron Acemoglu and James A. Robinson (2014 *Dlaczego narody przegrywają* [Why Nations Fail]). Based on their multi-sectoral research they come to the conclusion that the success of a country is not determined by climate, geography or economic policies. According to these authors the reason some societies fail is: “extractive institutions”. Extractive institutions discourage people from saving, investing, or innovating, thus wasting the effects of their work. Extractive political institutions support extractive economic institutions. They concentrate power in the hands of a few people, who exploit the achievements of others. Are such symptoms, which could threaten our future, present in Poland?

Unfortunately, the existence of institutional ineffectiveness has been confirmed by the research conducted in Poland (e.g., Balcerzak, Pietrzak, 2014). According to the research of Acemoglu and Robinson, this may spell defeat for us when we will have to develop in reliance on our own resources.

However, if we acknowledge (despite the vicious circle currently in effect) that there is no such thing as historical destiny, it may be possible to **replace “extractive institutions” with inclusive and pro-inclusive ones**. What is needed, however, is a broad coalition of all persons concerned to come out in support of this change of direction, i.e., the transformation of the State, enterprises, society, and the market, because together they constitute a system of interrelated and interdependent institutions.

*The report “Reforma kulturowa” [Cultural Reform] sets out recommended actions for achieving social inclusion. We encourage you to read it. The full text of the report is available here: <http://www.answerthefuture.pl/raport.html>*

■ Zbigniew Matkowski\*

# Poland's Economy: Current Situation and a Look Ahead

The Polish economy performs quite well, but this does not translate adequately into social well-being.

Looking at macroeconomic indicators, the Polish economy performs quite well, particularly if compared with the fragile recovery in Western Europe. With the GDP growth of 3.3% in 2014 and 3.6% in 2015, Poland belongs to the most dynamic economies in the EU. In the last year, unemployment in Poland (7.5% according to labor market surveys and 10.5% officially registered) stood below the EU average; it was much lower than in such countries as Bulgaria, Croatia and Slovakia, not to say about Greece, Spain or Portugal. Inflation in the EU has been suppressed to almost null, and several countries (including Poland) are now faced with some deflation. The deficit in the Polish state budget is kept below 3% of GDP, and Poland's current account balance was almost cleared last year, for the first time since 1995.

For a comparative evaluation of current economic situation, a useful analytical tool is the so-called pentagon of macroeconomic performance – a graph showing five basic indicators: (1) GDP growth, (2) unemployment rate, (3) inflation,

(4) general government balance, (5) current account balance (the last two as percent of GDP). In my assessments of the condition of our economy, I often use that device because it facilitates a quick orientation in the state of a given economy just at a first glance, though it should be applied carefully. For lack of space, we cannot present here such graphs illustrating the condition of our economy in the last year as compared with some other economies. But I can assure the readers that the pentagon showing the current macroeconomic performance of Poland's economy looks pretty nice and compares quite well with some other EU countries, such as the Czech Republic, Slovakia and Hungary, or Germany, Sweden and France.<sup>1</sup> However, a special problem of the Polish economy is that the good performance of the economy does not translate adequately into social well-being, and the benefits of economic growth are not enough felt by the average citizen.

**Further output growth depends on the increase in autonomous demand.**



In 2015, the GDP growth was mainly fuelled by a substantial rise in the domestic demand. Total consumption (private and public) increased by more than 3%, and investment outlays rose by 6%. Another growth stimulus was provided by exports, which rose more than imports (7% vs. 4%). For further output growth, it is essential that the positive demand trends be sustained and reinforced. Critically important is a continuous rise in the three autonomous demand streams: government expenditure, private investments, and exports, which determine the dynamics

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<sup>1</sup> The reader interested in the details of such a comparison and in the method employed may be referred to the author's analysis included in: Poland: The Competitiveness Report 2016, World Economy Research Institute, Warsaw School of Economics, 2016, chapter 1.

of total demand and aggregate output. Private consumption, the largest demand component and the ultimate production aim, is most important in maintaining output growth, but its volume will adjust to the actual rise in output and income.

Looking at the supply side, industrial production was running at a good rate of almost 5% during the last year, but construction raised its production volume by less than 1%, and agricultural production was much lower than in the previous year due to poor harvest and some disturbance in food exports (notably to the Russian market). Industry, construction and agriculture represent a relatively small part of total output in a modern economy, dominated by the broadly conceived service sector. In Poland, the three mentioned sectors represent about 1/3 of the total value added while almost 2/3 of it is created in trade, finance, and services. Nevertheless, these three sectors of material production are true pillars of any economy, which determine its real strength. In Poland, those sectors have still a significant impact on the current dynamics of GDP.

With a substantial rise in consumer spending in 2015, the volume of retail sales increased by almost 3.5%. The stock of commodities and total volume of stocks in the economy decreased, meaning a fall in inventory investments. With a considerable rise in residential construction, the number of new flats completed increased by more than 3%.

### **Job offers are still scarce and wages are low.**

Labor market has not improved radically because a distinct rise in employment requires a more vigorous output growth. Total employ-

ment in the economy increased by less than 1% in 2015, and the average employment in the enterprise sector rose by 1.3%. The unemployment rate recorded in labor market surveys declined to ca. 7% towards the end of the last year, and the registered unemployment fell below 10%, but the overall situation in the labor market did not improve much. Some economists argue that official unemployment data tend to conceal the real scale of unemployment problem since many jobless people leave the country each year, seeking better job opportunities abroad.

When assessing the rise in living standards, an important factor is the increase in wages and other income sources. According to official data, the average real gross wage in Poland increased by more than 4% in 2015, and the average real gross pension increased by almost 3.5%, but both these indicators depend on the reliability of data on nominal incomes and on the accuracy of the living cost index. It would be interesting to check whether these statistical data are confirmed by the results obtained in household budget surveys, but survey data are published with some delay. Anyway, wage levels in Poland are generally much lower compared with Western European standards. The same applies to old-age pensions and other transfer payments.

### **Public finance is strained,**

The state budget for 2015 was closed with a deficit of Zł 50 billions, which represented slightly less than 3% of GDP. The new budget enacted for 2016 envisages a rise in the deficit of public finance to Zł 55 billion, but the deficit-to-GDP ratio is supposed to remain unchanged. Both public expenditures and revenues would

increase nominally by 9.5%. New expenditure programs include i.a. the child subsidy program "Family 500+" while new tax arrangements foresee the introduction of a turnover tax on retail trade and a new tax imposed on bank assets. The critics raise doubts about government's ability to finance all the planned expenditures (partially related to election promises) within the current budget. Even if the government succeeds in keeping this year's budget deficit under control, within the Maastricht limit of 3% of GDP, it is very probable that this limit will be surpassed in the next year, due to the intended rise in the tax-free income, free medicines promised for seniors etc., not to say about the intended return to the previous pension-age schedule, declared by the new government. It is also not certain what will be the effects of the planned tightening of tax collection.

The European Commission, in its newest economic forecast, suggests that public finance deficit in Poland can rise to 3.1% of GDP in 2017, which would launch a troublesome sanative procedure supervised by Brussels. Fortunately enough, Poland's public debt, in spite of big noise made by the opposition, is relatively moderate (51% of GDP), considerably lower than the EU average.

### **... and financial market weakened.**

With pretty good results in the real sphere of economy, the last year and the beginning of the current year were marked by some unfavorable developments in the Polish financial market. The banking sector kept balance between its assets and liabilities, but total profits of banks fell considerably as compared with the previous year. The supple-



mentary tax imposed on bank assets and the prepared act on the conversion of foreign currency mortgage credits (denominated in CIIF) may weaken dangerously financial condition of many banks and other financial institutions.

The consumer price index compiled by the CSO showed a drop of almost 1% during the last year. The basic interest rates of the NBP were lowered last time in March, 2015, and since then the reference rate has been kept on the same level despite deflation. Interest rates on credits and deposits in commercial banks reveal a downward trend, but it is not certain how long this tendency will continue, particularly when it comes again to some inflation.

In the currency market, the exchange rate of EUR did not change significantly in the last year, but the exchange rates of CIIF and USD jumped by 14% and 19% respectively. The devaluation of the Polish currency stimulated the rise in exports, but it increased the price of some imported goods and services and negatively affected the inflow of foreign investments.

For the financial market as a whole, depreciation of the Polish currency was but one of two or three bad news. Much more important was a prolonged slump in the local stock market. This was reflected by a deep fall in share prices of most companies noted at the Warsaw Stock Exchange and the resulting decline in their total capitalization by almost 14%. The overall share price index of the WSE (WIG) decreased by almost 10%, and the share price index for the largest 20 companies (WIG20) fell by 20%. The slump was partly a reflection of the negative trends in global financial markets, linked with the fall in oil prices and economic slowdown in China, but it

was mainly the result of the demand slack in the local capital market, caused by the compression of investment activities of the Open Pension Funds and a massive outflow of foreign speculative capitals. Even if it was unrelated to the real condition of the Polish economy, it will probably have an adverse effect on the volume of fixed investments and further output growth. Fortunately enough, the downward trend in share prices seems to be reversed in early spring of 2016.

On January 15, 2016, Standard & Poor's lowered its credit rating for Poland from A- to BBB+, with a negative perspective. The decision was justified by the fiscal expansion instituted by the new Polish government and the related political risk. The same agency changed its assessment of risk perspective for the Polish banking sector from "stable" into "negative".

Three weeks later, on May 13, 2016, another rating agency Moody's also changed its assessment of risk perspective for Poland from "neutral" into "negative". All that may adversely affect the FDI inflows to Poland and raise the interest cost paid on new public debt.

### Short-run growth prospects are good,

Meanwhile, in spite of some turbulence in the financial market, Poland's economy develops quite well, as evidenced by the results achieved in 2015 and in the first months of 2016.

Growth prospects for the Polish economy in this year and in the years ahead will depend not only on internal factors, but also on further economic developments in Europe and in the world. The newest forecasts predict some acceleration of global output in the next two years, but outlooks for Europe are restrained, with the expected

GDP growth of ca. 2% per year in the EU28 as a whole.

Growth forecasts for Poland for the current and next year differ, depending on the source and publication date. The European Commission, in its recent forecast released in May, 2016, increased its former estimates of the expected GDP growth in Poland: to 3.7% both in this and 3.6% in the next year. The World Bank, in its latest forecast published in January, 2016, has raised its previous GDP growth estimates for Poland to 3.7% in 2016 and 3.9% in 2017.

Out of forecasts made domestically, the Research Institute on Market Economy predicts that Poland's GDP will rise 3.6% this year, but only 3.1% next year. In preparing the budgetary law for 2016, the government adopted an optimistic assumption that GDP will increase by 3.8% (similar assumption was made by the former government in preparing the state budget for 2015). The National Bank of Poland, which gave much lower estimates, has also raised its GDP forecasts to 3.8% for both 2016 and 2017.

The medium-term growth forecast until 2020, prepared by IMF, assumes that global output will accelerate to about 4% a year by the end of this decade, and the eurozone and EU as a whole will return to their "usual" growth rates of ca. 1.5% and 2.0% respectively. For Poland, the IMF predicts a moderate GDP growth in the next five years, at a rate of ca. 3.5% per year.

### ... but long-term prospects are gloomy due to the demographic barrier.

Unfortunately, long-term growth prospects, taking into account the effects of demographic trends, are extremely unfavorable for Poland

as well as for some other CEE countries. The long-term growth forecast till 2060 released by the European Commission suggests that Poland and other CEE countries will experience a gradual deceleration of economic growth due to the emerging demographic barrier. According to the forecast, under laissez-faire conditions, the growth rate of Poland's GDP may decrease from 3.6% in 2015 to 2.6% in 2020, 1.9% in 2030, 1.3% in 2040, 0.6% in 2050, and 0.7% in 2060. A similar declining growth trend for Poland was predicted by and earlier long-term forecast prepared by the OECD.

The slowdown of economic growth would be mainly due to very unfavorable demographic changes, including population ageing, low fertility, and a massive emigration of young, well-educated people. According to demographic projections, Poland's population will decrease by more than 5 millions, from the current 38.5 millions to 33.2 millions in 2060, with a parallel decrease in the share of the population represent-

ing working-age people and a big increase in the share of the elderly. The result would be a rising shortage of manpower and slower output growth.

If these forecasts became true, Poland would face quite soon a declining growth of output and income. Our growth advantage over Western Europe may disappear around 2045, with the renewed widening of the existing income gap. A similar stopping or reversal of the income convergence process may be expected in the remaining CEE countries. No country of this region could close the income gap towards Western Europe within the next 45 years.

In order to avoid such a gloomy future, well-coordinated, multidirectional efforts must be undertaken possibly soon by the governments of the countries concerned as well as in the framework of common European policy, aimed at overcoming the emerging threats to future economic growth and to assure a continuous, healthy development. In Poland, a complex

long-run development program is needed, as a guideline for government's socio-economic policy, dedicated to the maintenance and acceleration of economic growth. The program should focus on correcting unfavorable demographic trends, creating better institutional and financial conditions for enterprise development, stimulating investments and job creation, developing modern industries, improving infrastructure, better use of labor and material resources, and promoting education, knowledge and innovativeness that are crucial factors of economic growth in a highly competitive environment. The ultimate aim should be to ensure further satisfactory growth of the economy in order to improve the quality of life and well-being of all citizens. "The Plan for Responsible Development", recently adopted by the Polish government, might be a step in the right direction provided that it will be concretized and supported by adequate funding necessary for its implementation.



# The Main Directions of Activity of the PTE Branches

The Polish Economic Society is comprised of not only the National Board, but also, and perhaps above all, its 23 Branches located in all major Polish cities.

They have a rich, long tradition. For example in 2015 the Łódź Branch celebrated its 75th anniversary by organizing a nationwide scientific conference on this occasion: “The History and Future of the Polish Economic Society.” In recent years, the Branches have gained invaluable experiences resulting from the decentralization of the Society’s organizational structure. The considerable independence granted to the Branches has contributed to the development of many local initiatives. This has also had a positive impact on the further development of cooperation between the Branches as well as cooperation between the Branches and the PTE National Board in Warsaw.

The Branches have been improving their economic situation by effectively securing new sources of funding for their statutory activities, using for this purpose, inter alia, EU structural funds, grants and sponsorship. The Branches in Bydgoszcz and Zielona Góra should be singled out for their excellent results in this respect.



An important statutory task, implemented by many Branches, involves specialized training programs tailored to regional needs. However, over the last few years the increasing competition on the training market has considerably reduced the opportunities in this sphere, which has resulted in a certain deterioration of the financial situation of many Branches. Also noteworthy are the increasing and various publication activities of the Branches, including

books, Scientific Papers and contributions, and Bulletins.

Increasingly, members of the PTE at the local and regional level are appearing on television, radio and in the local press, presenting their well-elaborated positions on the current socio-economic situation.

All Branches now have their own websites, some of them also in English, on which they present interesting and timely information about their activities. We invite our foreign partners to visit these sites and to establish cooperation in order to exchange experiences, organize scientific conferences, seminars, issue joint publications, and offer any other proposals for cooperation. The Polish economists, dispersed all over the world, can play an important role in this cooperation. The Economic Knowledge Competition, organized by the PTE since 1987, is the showcase and flagship project of the Branches. The Branches implement the first and second phases of the Competition.

Organizing scientific conferences, seminars, and various kinds of de-

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bates by the Branches is not only part of their statutory obligation, but also a way to strengthen cooperation with local government units, NGOs, universities, the media, and representatives of various professional groups. The activities of the three-thousand-plus members of the PTE throughout Poland contribute to the popularization current economic knowledge among the general population.

Below we present some activities of selected Branches.

## Bydgoszcz Branch of the PTE

The Bydgoszcz Branch of the Polish Economic Society implements a number of activities which contribute in a practical way to the economic development of the Kuyavian-Pomeranian region.

The Branch's operational framework includes the Support Centre for Entrepreneurship, dedicated to providing low-interest loans for start-ups and business development. In recent years, 351 companies have benefited from such assistance. By effectively obtaining grants from the EU and ESF funds, the Branch specializes in supporting start-ups. In the last seven years the PTE in Bydgoszcz has awarded more than 400 grants for business start-ups.

Since 2012 the Branch structure also includes a unit called inLAB

PTE, which helps companies implement R&D projects and establish effective cooperation with universities. As a result of this activity the Branch can boast of having implemented approximately 40 technologically highly-advanced R&D projects for companies. For three years the Branch has been a member of a regional consortium which grants businesses so-called 'research vouchers' funded by the Regional Operational Programme.

The Bydgoszcz Branch is also active in organizing training for companies, designed to improve the qualifications and professional competence of their employees.

Many activities are also addressed to high school and university students. For a number of years we have been organizing internships and apprenticeships in enterprises for students of technical schools. Every year approximately 100 students take advantage of our offers. In addition, the Branch conducts classes aimed at developing economic knowledge and entrepreneurial skills among high school and university students. As part of this training we offer instruction on how to prepare a professional business plan, how to start a business and run it successfully, etc.

Due to the difficult situation in the labour market and continuing



high unemployment in the region, the Bydgoszcz Branch implements projects with the aim to help people find a job. To do this we prepare the participants of our projects to enter the labour market through vocational training, paid internships, and classes enhancing interpersonal skills and the ability to manoeuvre in the labour market.

In recent years the Branch has developed international cooperation with universities, business environment entities and institutions, and associations from abroad. We implement transnational projects aimed at the exchange of experiences, mutual learning, and the development of new solutions. The Bydgoszcz PTE Branch cooperates with institutions from countries such as Estonia, Finland, Germany, the Czech Republic, Italy, and Malta.

In addition to conducting these extensive activities we take care to implement our statutory obligations and activities, such as the organization of the regional phase of the Economic Knowledge Competition and the organization of conferences, seminars, and publications. In 2015, we organized for the first time an international scientific conference entitled: "A Transformation of Long Duration: Socio-economic Development. Poland's Experience." It was held at the headquarters of the PTE, in the House of the Economist and was widely attended



and enjoyed great success. In the near future we will issue a monograph containing a summary of the papers delivered at the conference.

## Gdańsk Branch of the PTE

The Gdańsk Branch of the Polish Economic Society is an association integrating theoretical and practical economists of all generations. Apart from its general statutory tasks it carries out its specialized mission to popularize knowledge about administration in maritime conditions and in seaside regions.

Since the history of our branch dates back to 1946, we are currently celebrating our 70th anniversary under the watchwords: “Close to the sea, the people and the economy.” The Maritime Division of the Polish Economic Society was founded on 13 November 1946 on the initiative of a group of economists led by Eugeniusz Kwiatkowski, the outstanding activist of the interwar Reborn Poland who was credited with, among other things, being the co-developer of Gdynia – the future first head of the Branch. Prof. Danuta Rucińska is the current leader of the Branch.



The acquisition of a seat – the Economist House, located in the Gdańsk Old Town - marked an important step in the development of the Maritime Branch. Having our own premises facilitated the development of training, lecturing and conference activities. Another important step for the further development and increased independence of the Branch came in 1992, when it gained legal personality.

Economic education and broad cooperation with young economists – including high-school and academic youth as well as young academic teachers in the tri-city's universities - play a special role in our activities. The Club of Young Economists forms an integral part of the Gdańsk Branch of the Polish Economic Society. It brings together all types of economists at an early stage of their professional and scientific development, at the same time aiming to implement cooperation between various professions. With this in mind the Club unites young scientific workers, teachers of economics, representatives of business, and PhD students and regular students of economics in order to build and propagate a broad understanding of economic knowledge.

Each year the Gdańsk branch participates in the Economic Knowledge Competition (EKC) – not only by organizing the competition; but also by offering conferences and lecture/discussion meetings for students and teachers of economic high schools in order to give them in-depth insight into the socio-economic issues that are part of the EKC contests. Moreover, each year competitions are held for the best bachelor's and master's thesis (2016 marked the 19th edition of the Professor Lucjan Hofman Master's Thesis Competition and the

12th edition of the Bachelor's Thesis Competition).

The Gdańsk Branch of PTE is also a training institution and carries out projects financed by European Union funding, in areas such as company management, best practices, training, etc. The effects of these projects, including education and cooperation between both theoretical and practicing economists associated with our Branch, are reflected in the numerous publications devoted both to general economical issues and subjects related to the functioning of regional market entities.

## Zielona Góra Branch of the PTE

50 years of activity • 190 members • 30 years in its own building located on the Zielona Góra Old Market Square • more than 200,000 trained graduates • 260 published books

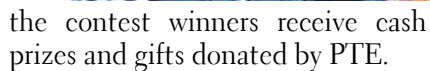
### Objectives of the Society:

- Promoting economic thought
- Improving skills of economists
- Taking action to achieve economic and spatial development of the region
- Integrating economists

## Most important projects and activities:

The Economic Knowledge Contest (Olimpiada Wiedzy Ekonomicznej), organized in the Lubuskie Province since 1987. Each year about 500 students from high schools in Lubuskie take part in the competition. The Zielona Góra PTE helps prepare them for the Contest by arranging conferences, lectures and exercises. Two schools from Zielona Góra are ranked among the top five Polish high schools in the history of the Contest. Each year





and mathematics. Each student took 280 hrs. of classes.

**Training in business administration, labor law, and taxation.** Every year, about 500 people participate in lectures and workshops on the above topics. The lecturers are practitioners, including judges, auditors, experts in social insurance, and others.

Scientific papers of the PTE in  
Zielona Góra (Zeszyty Naukowe

PTE) A new booklet is currently being published twice a year. The themes of recent issues included: problems of regional development; the economic crisis; marketing conditions of organizations' development; social inequality; and economic development.



### Participants of the 2016 Economic Knowledge Competition



■ Stanisław Owsiak\*

# Economic Knowledge Competition: A Tradition with a Future

The Polish Economic Society (PTE) is an organization which has cherished the tradition of spreading economic knowledge on Polish soil for over 200 years.

## A Competition with a Tradition

There have been different periods in this long tradition – most recently during the forty-plus years of a centrally-planned economy – a time in which the position of economist was an inferior one. The economy was ruled by engineers; and money, credit, percentages, prices, and other economic categories were subordinated to planning in natura. It was obvious that this inefficient economy had no prospects and that it was only a matter of time before it would break down. At the end of the 1980s it became clear that the system in Poland would soon go bankrupt, that the time was ripe for restoring the content of economic categories and economic criteria of selection, and that decisions in the sphere of the economy required professionalism based on knowledge of the economic rules. Thus a new opportunity to become involved in the processes of change in the economic system of the country opened up for the Polish Economic

Society. The challenge was urgent, because the thirst for knowledge of the market economy was as strong as the thirst for goods and services. In sum, the demand for knowledge about the rules and mechanisms governing a market economy was massive.

Spreading economic knowledge throughout society, but especially among the younger generation, became both a great challenge and an opportunity for the Polish Economic Society, because the understanding and activity of the young generation would decide if an unprecedented transition from a command economy to a market economy would be successful. It was during these unstable times in our country that the idea of organizing the Economic Knowledge Competition (EKC) emerged. The Competition was organized by the Polish Economic Society in cooperation with the Ministry of Education. The first edition took place in the school year of 1987/1988. The relevance and success of this initiative has been subsequently confirmed, and soon the thirtieth



anniversary edition of the Competition will take place.

The Economic Knowledge Competition is not only the realization of lofty ideas – to develop secondary school students' interest in economics, to inspire them to think in economic terms, and to look for and develop talent for the future economy, but also to spread the spirit of competition in mastering the difficult issues of the modern economy. Nearly three decades of the Competition have confirmed that it is a proven and effective way of disseminating knowledge about the economy among young people. The EKC and its organizers may therefore state with genuine satisfaction that this is now an

\* Stanisław Owsiak – Professor, the Chairman of the Main Committee of the Economic Knowledge Competition, University of Economics in Krakow.

undertaking with a great tradition, not only taking into account the lengthy period of its organization and existence, but also its scale.

## Economies of Scale

While not intending to dazzle the reader with too many numbers associated with the organization and course of the EKC over nearly thirty years, nonetheless there is no way to escape some of them. They reflect the importance of this project in the educational system and its economic scale. And it is a massive undertaking, which annually involves around 10,000 secondary school students, which in turn means that throughout the history of the EKC almost 300,000 young pupils from secondary schools have participated and, as a result, became interested in economics and its practical meaning. Of this number 2,800 students were qualified for the final competition and 840 received the title of laureate. It is worth noting that the degree of difficulty of the competition finals corresponds to the level of examination questions and problems to solve contained in the final matriculation examination (school leaving exam). The young EKC participants appreciate this, and have repeatedly told us in conversations with them that they treat the EKC as a kind of prelude to the matriculation exam, as the EKC final competitions are held in March and April, i.e. just before the final matriculation exams. The annual editions of the EKC involve about 900 schools across the country.

## Competition in the Olympic Spirit

The Olympic spirit is based on competing in an open and fair competition to achieve the greatest



Economic Knowledge Competition, Serock, 2016

success. Therefore, the task of the organizers of the EKC at all levels is to ensure the conditions for each upcoming edition of the EKC to be held in the Olympian spirit, so that the competition takes place in a fair and transparent way. Having this grave responsibility in mind at all organizational levels – i.e. the competitions at the school, province, and national levels – special responsibility for the competition rests on the Main Committee of the EKC. The Main Committee decides about the subject of subsequent editions, the scale of the difficulty in formulating the examination questions, verification of results, and finally carrying out the final competition, from which the winner and laureates of this great project emerge. This is why the National Board of the PTE invites well-known professors of economics, academics, and specialists in teaching methodology to collaborate in the Main Committee. Past years of experience with the organization and implementation of successive editions of the EKC show that this practice ensures the high quality of the competition. The occasional, but rare, doubts as

to the scoring and/or assessments of the results are fairly investigated and explained by the Main Committee of the EKC.

## The Social Dimension of the Project

In describing the Economic Knowledge Competition it is impossible to overlook the great selfless organizational effort of the activists of the Polish Economic Society, school principals, teachers, tutors, and exam monitors, who give generously of their time to perform these additional tasks and duties at all levels of the competition, making a unique contribution in providing economic education addressed to the generation that will someday decide about the future of our country. Many influential economists have been involved in the organization of the EKC and participated in the work of the Main Committee of the Economic Knowledge Competition. It is also noteworthy that the EKC's previous winners - who have obtained degrees, work at universities, and occupy prominent positions in companies, financial institutions, and public

authorities - also actively participate in the work on the successive editions of the EKC. The EKC means building inter-generational bridges, serving the idea of a society based on economic knowledge. The fact that the previous winners of the EKC have been successful in their professional endeavours also serves to awaken the imagination of the participants in each successive competition, motivating them to diligently study and prepare and sparking their interest in the real world of economics, encouraging them to observe everyday economic life in both the country and in the European Union, as well as globally. The activity of the EKC winners in organizing and promoting subsequent editions may be considered as a specific and treasured human capital developed within the framework of this competition project.

### The EKC, a Permanent Element in the System of Economic Education

Another significant role played by the EKC is inspiring an interest in economic knowledge on the part of teachers, tutors and mentors, and parents of competitors during workshop forums. A

widespread interest and sense of community is visible during these forums, involving meetings with those persons mentoring the participants of the central competition. It has become a tradition to exchange opinions with teachers and mentors about the expected level of knowledge of participants, types of open-ended questions related to the EKC exam, analytical questions, and the tests generally. These discussions concern the formulation of the questions and how the participants should understand and tackle them. These workshop forums are invaluable because the questions are formulated by the Main Committee, consisting mostly of economics professors and university teachers. The aim of the Main Committee is to ensure that the required knowledge is in accordance with the participants' possibilities of acquiring such knowledge in secondary school and outside preparation courses.

The activities of the PTE in pursuing the aim of spreading economic knowledge in the school environment are endorsed and recognized by the Ministry of National Education, which has been continuously cooperating and co-financing the Competition. This

is reflected by the participation of a high-ranking representative of the Ministry each year in the final meeting, when the results of each edition of the EKC are announced and prizes and diplomas awarded.

The esteem and high reputation of the EKC within the entire system of educating young economists is reflected by the fact that the winners are given first-in-line places in enrolment to economic courses at all universities in the country.

The largest publishing houses in the field of economic literature in Poland, i.e. the Polish Economic Publishing House, the Polish Scientific Publishers PWN, and the CII Beck Publishing House also play an invaluable role in the mission of popularizing economic knowledge. These publishers have made it possible in the past to purchase, at preferential prices, those books relating to the topics of the consecutive editions of the EKC. In addition they bestow bestsellers and leading works in economics as gifts to the winners of the EKC.

In order to make the competition finals more attractive and ensure that they are attended not only by the participants, but also by the teachers, mentors and other inter-







Nikodem Kramarz, the winner of the 2016 Economic Knowledge Competition



From left: Prof. Stanisław Owsiak, Dr. Grzegorz Wałęga, Rafał Kamiński (2nd), Nikodem Kramarz (1st), Julian Smółka (3rd), Prof. Eugeniusz Kwiatkowski, Prof. Bogdan Ślusarz.

ested persons, the Main Committee traditionally invites prominent economists, with specialisations related to the thematic topic of each EKC edition, to offer a lecture. After the lecture the audience, and especially the young participants, can ask questions. During the final competition at the most recent, 28th edition, of the Competition, which was dedicated to the 25th anniversary of the transformation of the Polish economy, Professor Zdzisław Sadowski, the Honorary President of the Polish Economic Society, was the chosen lecturer and his scientific presentation and practical experience were enthusiastically received by the young people in attendance. The approaching 29th EKC finals will be held under the motto 'income inequality.' A prominent economist and a specialist in this field, Professor Stanisława Golinowska from the Institute of Labour and Social Affairs in Warsaw, has accepted the invitation to be the honoured lecturer.

### A Prestigious Project

The Economic Knowledge Competition has attained a permanent place in the system of economic education, not only because it is

organized in schools, but also because it is an inherent part of the mission of the Ministry of National Education and other institutions, which consider activities to raise the level of economic knowledge as one of their priorities. In spreading economic knowledge via the EKC, the Polish Economic Society has gained the acknowledgment and appreciation of the prestigious partners and patrons of the project. These include(d) important state institutions such as the National Bank of Poland, the Ministry of Economy, Ministry of Finance, the Stock Exchange, and others. The partnership and cooperation of these institutions, as patrons of the Competition, with the organizers of the EKC is important not only in terms of the prestige of this project and acts as a magnet attracting young people to participate in the EKC. No less significant and valuable is their substantial contribution to the mission of economic education of young people. The tradition of the EKC is that the finalists (100 competitors) meet with the President of the National Bank of Poland, and the winners of each edition meet with the Prime Minister of the Polish Government, Deputy Prime Minister, Minister of Econo-

my, and Chairman of the Warsaw Stock Exchange. Such meetings are an important event in the lives of these impressionable young budding scholars, an opportunity to personally meet the architects of the nation's economic, monetary, and fiscal policy. These meetings offer them a unique opportunity to find out to what extent theoretical, bookish knowledge is useful in practice, and reinforces their belief in the value of studying economics. The meetings have become a forum for lively discussion, and the questions posed and opinions given by the EKC laureates sometimes even causes the meetings' hosts to be taken aback by their mastery of economic knowledge and degree of engagement in the current problems of economic policy in the country and the world. This well reflects the high scientific level of the competition and knowledge gained during the preparation for the EKC. The achievements of the EKC winners are appreciated by the patrons not only in the form of prizes, but also in the form of internships and scholarships offered by prestigious state institutions. The patrons of the EKC are the National Bank of Poland, Bank PKO BP, Bank BPS, and the Mint of Poland.

## 29th Economic Knowledge Competition: A Continuation of the Tradition

When choosing a theme, or perhaps one may say 'motto' for each consecutive edition, the Main Committee of the Economic Knowledge Competition follows the unchanging principle that the topic issue chosen should be attractive and current for both the Polish and world economy. This is not an easy choice, as evidenced by the multitude of proposals submitted by members of the Main Committee, and by lively and long discussions over the final decision. The news about the motto of each consecutive edition of the Competition is announced in April of each year to the students participating in the final competition and their teachers. The choice of the motto of the EKC for the edition is a matter of great importance, because it is known that only a small portion of the EKC participants will take up economic studies and will become professional economists. Hence the ambition of the Main

Committee is to choose a topic which is attractive and intriguing for the society as a whole and will permanently awaken young people's interest in current economic life. In previous editions of the EKC the themes were devoted to, inter alia, the economic and social impact of Poland's accession to the European Union, issues related to the functioning of the euro area, labour market and unemployment, economic and social consequences of the recent financial crisis, the crisis in public finances, and other current problems.

The motto chosen for the present 29th Economic Knowledge Competition – "Social inequalities and economic development" – confirms the principle of taking up topical issues. This year the Competition will be held under honorary patronage of Professor Marek Belka, the President of the National Bank of Poland.

In choosing this year's motto, The Main Committee of the EKC took note of the fact that in recent years the milieu of economists and politicians, of different ideologi-

cal orientations, are increasingly concerned about the widening income inequality, evident in many official statistics, which is found in individual countries, in the European Union, and in the world as a whole. Inequalities are manifesting themselves with increasing force between different professional groups, regions, countries, and continents. The process of increasing inequality has many aspects. It is characteristic that not only do the social consequences of income inequality arouse concern, but the economic consequences as well. This highlights the need to identify, in a better way than before, the causes of these unjustified inequalities inherent in the functioning of market mechanisms. What is particularly needed is a more comprehensive knowledge and understanding of the functioning of the 'invisible hand' of the financial market, which has been most responsible for producing these growing inequalities in recent decades.

The above arguments fully justify the choice of the keynote and motto of the 29th EKC – "Social inequalities and economic development." The participants are required to possess not only the standard knowledge of macroeconomics, microeconomics, and management science, which is reflected in the tests and analytical problems, but also a profiled knowledge of income inequalities and their impact on economic and social development. These issues were reflected in the descriptive tests during the competition at the 1st and 2nd level and will also be present in the final competition, in both the written exam and oral exams. More than twelve thousand pupils from 832 secondary schools have signed up for the 29th Economic Knowledge Competition.



■ Stanisław Rudolf\*

# International Cooperation of the Polish Economic Society

**International cooperation is one of priority activities of the PTE.**

For several years one can observe a systematic increase in the PTE's international contacts, both at the level of the National Board and the individual Branches. But above all, such cooperation offers benefits for a wide range of academics from Polish universities as well as, albeit more rarely, for economic practitioners. The PTE's international cooperation focuses on the following areas:

- Participation in the work of international organizations of economists;

- Participation in international seminars and scientific conferences;
- Measures to strengthen the position of Polish economists in the international arena;
- Support for local Branch Offices of the PTE in establishing cooperation with foreign countries.

Below we offer a brief overview of each of these activity areas.

## Participation in the work of international organizations of economists

This participation mainly involves three organizations, namely the International Economic Association (IEA), the European Economic Association (EEA) and the Congress of Political Economists, International (COPE).

The IEA is the most prestigious international organization of economists. It was founded in 1950 and brings together national associations of economists, which currently includes nearly 60 such associations as members of the IEA. The activities of the organization are supported by, inter alia, UNESCO, the World Bank, and the European Commission. The Polish Economic Society has been an active member of this organization for many years. A representative of the PTE is also a member of the IEA Council.

The IEA Congresses are held every three years and are undoubtedly among the most prestigious events in the milieu of economists. The prestige of these meetings results mainly from the fact that a number of the most prominent economists, including Nobel Prize winners, are in attendance, as well as because of the importance of the ongoing discussions which take place, the pro-



From left: Omar Licandro, the IEA Secretary General, Joseph E. Stiglitz, former President of the IEA, Stanisław Rudolf, former Vice-President of the PTE, Tim Besley, present President of the IEA, during the 17th IEA Congress in Jordan

\* Stanisław Rudolf – Professor, WSB University in Gdansk





Professor Marek Belka, the President of the National Bank of Poland (second from left) during the 17th IEA World Congress

posals offered, etc. It is worth noting that the position of the organization was built by its successive presidents, among which one may mention such well-known economists as E.A.G. Robinson, P.A. Samuelson, E. Lundberg, K.J. Arrow, A.B. Atkins, R.M. Solow, J. Kornai, M. Aoki or J. Stiglitz. We maintain especially good relations with J. Stiglitz. The PTE released several of his books, including "Freefall: America, Free Markets, and the Sinking of the World Economy."

Between 6 and 10 June 2014 the IEA World Congress was held in Jordan. It gathered together nearly 600 participants and invited guests. Discussions were held in plenary sessions (five sessions), and in fif-

teen parallel sessions which took place at the same time. The Congress's programme included more than 100 such sessions in all, and more than 300 papers were presented. In addition, during the Congress twenty-five so-called 'invitation sessions' were held, prepared entirely by certain universities, companies, and institutions, with nearly 100 papers presented thereat. In addition panel sessions took place during lunch breaks (lunch panels). It is worth noting that two young economists from the University of Warsaw took part in the Congress: Karolina Goraus and Wojciech Hardy, both from the Department of Theory of Economic Development headed by Prof. Barbara Liberda.

There was also a Polish element in a panel session devoted to the transformation problems in North Africa, the Middle East and the countries of Central and Eastern Europe. During this session, chaired by Prof. Erik Berglof, chief economist of the European Bank for Reconstruction and Development, Polish Professor Marek Belka, President of the National Bank of Poland, was a panelist. He gave a brief description of the Polish transformation, pointing on one hand to the problems encountered, which arose from the existing conditions, and on the other hand to its concrete results, which were better, even much better, than in other countries. The PTE was represented at the Congress by Prof.

The IEA Council meeting in Jordan





The IEA Congress in Jordan

Stanisław Rudolf, Vice President of the PTE and a member of the IEA Council. Following the end of the Jordan Congress, Prof. Timothy Basley from the London School of Economics was appointed as president.

The EEA Congresses are held every year and are attended by approximately 1500 – 1800 participants. Unlike the IEA, membership in this organization is individual. Although it is formally a European association, at its congresses one can meet economists from all continents among its members and participants. Mainly young economists, mostly lecturers and doctoral students, as well as students take part in the congresses. The congresses of the organization are held in European countries. Between 24 and 27 August 2015 the Congress was held in Mannheim, Germany. This Congress was attended by a dozen Polish, mostly young, economists. Some of them were delegated by Polish universities, while others were post-graduate students studying in Western countries. The next Congress will be held in Geneva, Switzerland from 22 to 26 August 2016.

The third of these organizations, the Congress of Political Economists, International (COPE) is less numerous, but it also brings together economists from many countries.



The COPE Congress in India, 2008, the meeting of the Board of Directors

COPE holds its congresses every year, but unlike the EEA and IEA, the COPE congresses are thematic. Their subjects are, however, usually quite generally formulated, which makes them open to economists with various specializations. These one-week conferences are usually held in very attractive locations. Polish economists play a leading role in COPE, both due to the large number of Polish participants in the congresses, and also because many serve as authorities of the organization. Prof. Irmela Gorges from the Free University Berlin is the current president of COPE. Eight Polish economists (M. Gorynia, W. Grudzewski, I. Ilejduk, A.R. Kozłowski, R. Madera, E. Mączyńska, S. Rudolf, and P. Urbanek) are members of the COPE Council.

In July 2012 the COPE Congress was held in Zurich, Switzerland. Its topic was formulated as “Sustainable global and regional development.” It was attended by a record number of Polish economists. Similarly to previous congresses the discussion included a heavy emphasis on issues concerning Polish economic life. The results of the congress were published in a special monograph in English. The next COPE Congress will be held from 6 to 12 July 2016 in Madrid. The topic of the conference

is very timely: “The Global Economy in Transition.”

## Participation in international seminars and scientific conferences

Annual seminars organized in Germany, in Vlotho on the river Weser, have a special place in the PTE’s international cooperation. These seminars are organized jointly by the National Board of the PTE and the Ludwig Erhard Foundation based in Bonn. Some 25-30 participants attend the seminars, including representatives of academic institutions from across Poland, winners of the Economic Knowledge Competition, as well as private entrepreneurs. The seminars are almost entirely financed by the Ludwig Erhard Foundation and are focused on important issues of the social market economy. The participants seek to learn more about it and discuss whether it is possible to use this concept in the currently existing conditions. Meetings with outstanding scientists and German politicians constitute an important part of the seminar agenda.

Between 16 and 30 August 2015 another such seminar, already the 24th, took place. Prof. Elżbieta Mączyńska, President of the PTE





The COPE Conference in Zurich

served, as in previous years, as a tutor of the seminar. The participants discussed the topic of the seminar: “Ordoliberal Concept of Social Market Economy: Implementation in Germany and Poland.” This was a continuation of the discussion from previous years. The seminar was attended by 27 people from Poland, as well as scientists and politicians from Germany and Belarus, and was dominated by topics such as current problems in ordoliberalism and the new humanism in economics. It is worth emphasizing the high professional level of the presented papers as well as of the discussions.

The Polish Economic Society also works with the Free Economic Society (VEO) of Russia. It is the oldest (founded nearly 250 years ago), the largest (about 300 thousand members), and the most influential organization of Russian economists. Representatives of the PTE and VEO meet on a regular basis in both

Moscow and Warsaw. The PTE also works with organizations of economists in some European Union countries. A representative of the PTE participated in the Round Table Conference in Italy, as well as in the annual symposium of the Spanish Economic Association which was held in Granada in Spain, and in many other meetings.

### Strengthening the position of Polish economists in the international arena

One of the most important tasks which the PTE has been working on for a long time is the promotion of Polish economists in the international arena. In recent years, the main effort was focused on increasing the participation of young Polish economists in the EEA and IEA congresses. This gives them the opportunity to present their scientific achievements and establish contacts with foreign economists. Previous attempts to in-

crease such participation consisted, inter alia, in the dissemination of information on seminars, conferences, and international congresses, encouraging Deans of Faculties of Economics to support the mobility of young economists by funding scholarships, etc. Unfortunately the results of these activities are, so far, unsatisfactory, hence the PTE is looking for new solutions in this area.

To open the Society to foreign contacts, in 2012 the PTE organized the Forum of Presidents of Economic Societies of the countries of Central and Eastern Europe, which was held at the headquarters of the National Board of the PTE in Warsaw. It was attended by the Presidents of such organizations from Hungary (The Hungarian Economic Association), Latvia (Economists Association 2010), Russia (The New Economic Association) and Poland (Polish Economic Society). The Secretary General of the International Eco-



economic Association was an honorary guest of the Forum. The representatives of economic associations from Romania (The General Association of Economists from Romania), Russia (The International Union of Economists), and the Czech Republic (The Czech Economic Association) took part in the preparations for the Forum, but for various reasons were unable to take part in the Forum. It is worth noting that the PTE covered the costs of the Forum participants' stay in Warsaw.

The Forum was intended to establish contacts between the economic Societies of this part of Europe, to get to know each other, gain specific knowledge about the extent and forms of each others' activities, their role and position in their respective countries, etc. The Forum's objective was also to find a plane for possible collaboration and to determine its prospects for both the near and distant future, as well

as exchange experiences in all areas. These objectives were generally achieved, and the Forum participants unanimously agreed on the need to continue such meetings.

### Support for the PTE Branches in establishing international cooperation

In order to develop the PTE's international cooperation it is essential that the various PTE Branches also undertake initiatives in this respect, although so far the foreign contacts of the Branches are rather minimal. This is definitely a wasted opportunity for making their work more attractive. Trips abroad, exchanges of experiences, and joint seminars with foreign partners can enhance the activity of Branches and be beneficial for all parties. In this respect some Branches have used the contacts of their local authorities or local governments with their foreign partners.

The PTE is taking many other initiatives for international cooperation. It should be noted here that we are developing cooperation with Polish economists living abroad, including by enriching our website link "Polish economists in the world" with new people, as well as through the publication of books, articles, etc. Some of the Polish economists abroad participate in the Congresses of Polish Economists organized by the PTE. This cooperation is being enhanced by the development and enrichment of the English language version of the PTE website, focusing on contacts with foreign economists and organizations of economists, and on posting information about conferences and international congresses. The PTE also organizes English-language seminars with the participation of foreign guests, promotes international events in the "PTE Bulletin", etc.



The COPE Conference in Zurich

■ Jerzy Kaźmierczyk\*

# Scientific Council of the Polish Economic Society

The Scientific Council is a collegial body of the PTE, whose main task is to shape and implement the scientific policy of the Society.

The majority of Board members are academics, and the majority of them, about 80%, are independent researchers. Such a composition designed is to guarantee a high level of scholarly work of the Council. The Council usually meets several times a year, although its recent dynamic activity gives rise to the prospect of more frequent meetings. The current composition of the Council was elected in 2015.

Over the last year, in addition to regular meetings, the Council began work on several projects. One of them is a project involving social monitoring of the election of members of the Monetary Policy Council (MPC), a project carried out jointly with the Stefan Batory Foundation. A team was appointed from among the members of the PTE Scientific Council to provide substantive support for the project, the organization of which was coordinated by the Stefan Batory Foundation. Under the umbrella of this project several meetings were



From left: Prof. Marian Gorynia, Prof. Ryszard Kokoszczyński, Prof. Jerzy Osiatyński

held with representatives of the Foundation, but more importantly two representatives of the Scientific Council, namely Prof. Krystyna Piotrowska-Marczak and Dr. Jerzy Kaźmierczyk, participated in meetings of the parliamentary and Senate committees which questioned the candidates for the MPC and then gave opinions on the can-

didates to the Sejm and the Senate of the Republic of Poland. An expertise concerning the activities of the MPC was prepared by Dr. Jerzy Kaźmierczyk and published on the project website ([http://monitoring-kandydatow.org.pl/?page\\_id=50](http://monitoring-kandydatow.org.pl/?page_id=50)). The idea behind the monitoring is to present the profiles of the candidates to the public and to popular-

## The meeting of the Scientific Council



\* Dr. Jerzy Kaźmierczyk – Poznań University of Economics and Business

ize knowledge about the essence of monetary policy. The actions taken resulted in a debate, which was held on the 23rd of March 2016 at the PTE headquarters at Nowy Świat Street in Warsaw; entitled "New Monetary Policy Council – New Monetary Policy(?). What should not only economists know, but also the citizens." The meeting was attended by current and former members of the Monetary Policy Council. More information about this ongoing project can be found on the above-listed project website.

Courtesy of the Chairman of the Board, Prof. Marian Gorynia, Rector of the Poznań University of Economics and Business, on the 9th of

March 2016 the Council debated within the walls of the Poznań University. After the meeting of the Council, a seminar was held based on the theme: "Migration processes and the labour market in Poland." The seminar was co-organized by the Committee on Economic Sciences of the Polish Academy of Sciences. The panellists of the seminar were: Prof. Irena E. Kotowska (Warsaw School of Economics); Prof. Aleksy Pochtowski (Cracow University of Economics); Prof. Maciej Duszczyk (University of Warsaw); and Prof. Maciej Żukowski (Poznań University of Economics and Business). Prof. Eugeniusz Kwiatkowski (University of Lodz, Vice-President of the Scientific Council of the

PTE) was the moderator of the meeting, which was chaired by Prof. Marian Gorynia (Chairman of the Council).

The members of the Scientific Council also took an active part in many other events organized by the PTE, including Thursdays at the Economists; the Conference "History and future of the Polish Economic Society"; (27 November 2015, Łódź), as well as in the International Scientific Conference: "Social inequalities and economic development" (3-4 December 2015, Zielona Góra). Information about the Scientific Council of the Polish Economic Society can be found on the Society's website: [http://pte.pl/3\\_wladze\\_pte.html](http://pte.pl/3_wladze_pte.html)

# The Uneven Distribution of Income Threatens Civilization

**Professor Grzegorz W. Kołodko\* received the PTE's Special Award of Honour for scientific achievement and promoting Polish economics in the world. The award ceremony was held on 7 May 2015 during the open meeting of the PTE Scientific Council.**

The current scale of income distribution in the world economy, with its rising growth of inequality, threatens our civilization,' said Prof. Grzegorz Kołodko during his lecture, entitled "Whither the World?" He argued that it is possible to reconcile a more uniform income distribution with economic growth and technological progress.

As Prof. Bogusław Fiedor, vice president of the PTE, related in his laudatory introduction, Prof. Kołodko's achievements include more than 400 publications and 50 monographs, translated into 26 languages. His book *Truth, Errors and Lies. Politics and Economics in a Volatile World* has been translated into ten languages. Prof. Fiedor emphasized

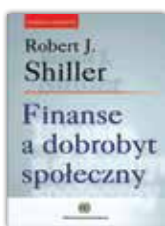


that we are dealing with a professor whose achievements, not only in science but also in the sphere of popularization, "are widely known and appreciated." He added that although sometimes Kołodko has been criticized, or his work called into question by some, this is a normal part of life devoted to the social sciences.

\* Prof. Grzegorz Kołodko is currently affiliated with the Kozminski University in Warsaw. In the past, he was twice Deputy Prime Minister and Minister of Finance - in the years 1994-97 (in the governments of Waldemar Pawlak, Józef Oleksy and Włodzimierz Cimoszewicz) and in the years 2002-03 (in the cabinet of Leszek Miller).



# NEW PTE PUBLICATIONS



## Finanse a dobrobyt społeczny [Finance and the Good Society, Polish edition]

Robert J. Shiller

The author argues that the financial system is not a massive parasite preying on the society, but rather the key to solving many social problems and raising the general level of prosperity.



## Wykłady z makroekonomii.

### Gospodarka kapitalistyczna bez bezrobocia [Lectures on Macroeconomics: A Capitalist Economy without Unemployment]

Kazimierz Łaski

This book is an antidote to the mainstream neo-liberal dominance in academic studies and the teaching of economics. Kazimierz Łaski presents a different economic theory, rooted in the still-undervalued theory propagated by Kalecki.



## Dobra publiczne: wczoraj-dziś-jutro [Public Goods: Yesterday-Today-Tomorrow]

Jerzy Kleer

The author argues that the marginalization of the public sector is a costly, crisis-generating error. He points to the both the inherent and traditional, as well as new functions of the public sector, which is developing under the influence of civilization changes, globalization, and new technologies.

## SELECTED WORKS FROM THE 9TH CONGRESS OF POLISH ECONOMISTS



## Ekonomia dla przyszłości. Fundamentalne problemy teorii ekonomii i praktyki gospodarczej [Economy for the Future: Fundamental Problems in Economic Theory and Business Practice]

Ed. Elżbieta Mączyńska

The contents of this book contribute to a better understanding of the different trends of economic theory and provide an objective assessment of the practical utility of these trends and their rational use in practice.



## Polska w Unii Europejskiej i globalnej gospodarce [Poland in the European Union and the Global Economy]

Eds. Marian Gorynia, Stanisław Rudolf

The articles included in this collection concern Poland's place in the world economy (as broadly understood), with particular focus on selected aspects of Poland's economic cooperation with foreign countries.



## Problemy rozwoju rolnictwa i gospodarki żywnościowej w pierwszej dekadzie członkostwa Polski w Unii Europejskiej [Problems in the Development of Agriculture and the Food Sector in the First Decade of Poland's Membership in the European Union]

Eds. Andrzej Czyżewski, Bogdan Klepacki

This book contains reflections on the most important economic and social issues concerning rural areas, agriculture itself, as well as agribusiness as generally understood.



## Determinanty rozwoju Polski. Rynek pracy i demografia [Determinants of Poland's Development: The Labour Market and Demography]

Eds. Eugeniusz Kwiatkowski, Barbara Liberda  
This book undertakes an analysis of relations between the labour market and economic development in Poland in comparison to other countries, and in particular to European Union countries.



## Modele ustroju społeczno-gospodarczego. Kontrowersje i dylematy [Models of Socio-economic Development: Controversies and Dilemmas]

Ed. Elżbieta Mączyńska  
The contents included in this book are a kind of synthesis of the ongoing debate in the country and abroad on the political changes, their underlying reasons, and on the current state of and future of capitalism.



## Determinanty rozwoju Polski. Polityka Innowacyjna [Determinants of Poland's Development: Innovative Policy]

red. Joanna Kotowicz-Jawor, Stefan Krajewski, Ewa Okoń-Horodyńska

This monograph includes papers dealing with the innovativeness of the Polish economy.



## Determinanty rozwoju Polski. Finanse publiczne [Determinants of Poland's Development: Public Finances]

Ed. Stanisław Owsiak  
Issues concerning the theory and practice of public finances are the subject of both an intense scientific debate as well as a comprehensive search for practical solutions.



## Nauki ekonomiczne. Stylizowane fakty a wyzwania współczesności [Economic Sciences: Stylized Facts and the Challenges of Modernity]

Ed. Bogusław Fiedor

This monograph includes a variety of studies discussing key issues in the context of the development of economics and other disciplines within the field of economic science. On one hand it relates to the global discussion within these sciences on the phenomena accompanying the crisis, and on the other hand it relates to the real economic reality.



**Edukacja dla zrównoważonego i trwałego rozwoju oraz społecznie odpowiedzialnego biznesu [Education for Balanced and Sustainable Development and Corporate Social Responsibility]**

*Ed. Artur Pollok*

The authors summarize the changes in the economic education of society and formulate the future challenges in this regard.



**Sektor finansowy. Stymulatory i zagrożenia rozwoju [Financial Sector: Incentives and Threats to Development]**

*Ed. Krzysztof Pietraszkiewicz*

The authors present readers with the results of their own research and, through a review of the literature, present both the factors conducive to

the development of the economy and the financial sector, as well as draw attention to the existing and potential threats to their development

## ECONOMICUS 2015



**Reformy systemu emerytalnego. Krótki przewodnik [Pension Reform: A Short Guide, Polish edition]**

*Peter Diamond, Nicholas Barr*

*translated by Dr. Zbigniew Matkowski*

This work was awarded second place in the category "Best Translation" in the "Economicus" competition (organized by "Dziennik Gazeta Prawna") for the best economic and business book.

## BOOKS OF OTHER PUBLISHING HOUSES



**Państwo wobec wolności gospodarczej. Teoria i praktyka transformacji [The State and a Economic Freedom: Theory and Practice of Transformation]**

*Eds. Waław Jarmolowicz, Dawid Piątek*

*Poznan University of Economics*

This book was awarded the team award of the first degree, by the Rector of the Poznan University of Economics, for original and creative scientific achievements in the academic year 2014/2015.



**Bankructwa, upadłości i procesy naprawcze przedsiębiorstw. Wybrane aspekty regulacyjne [Bankruptcy, Insolvency and Corporate Recovery Processes: Selected Regulatory Aspects]**

*Ed. Elżbieta Mączyńska. Warsaw School of Economics' Publishing House*

A theoretical and empirical analysis of the basic characteristics, phenomena, processes, and procedures related to bankruptcies and company insolvencies.



**Efektywność procedur upadłościowych. Bankructwa przedsiębiorstw. Katharsis i nowa szansa [The Efficiency of Bankruptcy Procedures: Bankruptcies of Companies. Catharsis and a New Chance]**

*Elżbieta Mączyńska, Sylwia Morawska*

*Warsaw School of Economics' Publishing House*

The subject of this research work involved the assessment of normative solutions regulating bankruptcy adopted by the Polish legislature and analysis of the effectiveness of the civil-law and criminal-law mechanisms for protecting the interests of entrepreneurs, creditors, and debtors, as well as the impact of these regulations on the competitiveness of the Polish economy.



**Ekonomia jest piękna? Księga dedykowana Profesorowi Jerzemu Wilkinowi [Economics is Beautiful? A Book Dedicated to Professor Jerzy Wilkin]**

*Eds. Łukasz Hardt, Dominika Milczarek-Andrzejewska. Wydawnictwo Naukowe Scholar*

The authors of the collected texts in this work touch upon widely-discussed problems in the fields of the methodology and philosophy of economics. They undertake an analysis of the relationship between the state, social sphere, and economic sphere, with particular emphasis on agriculture and rural development.



**Czy Świat się chwieje. 20 rozmów o tym, co z nami dalej [Is the World Wobbling? Twenty Conversations About What Will Happen to Us in the Future]**

*Grzegorz Sroczyński. Agora*

Grzegorz Sroczyński talks with Marcin Król, Jan Krzysztof Bielecki, Karol Modzelewski, Elżbieta Mączyńska, Jerzy Hausser, Piotr Kuczyński, Stanisław Owsiak, and Leokadia Oręziak, and others.



**Cena nierówności**

**[The Price of Inequality, Polish edition]**

*Joseph Stiglitz*

*Wydawnictwa Krytyki Politycznej*

This book is published under the patronage of the PTE.



**Polski węgiel [Polish Coal]**

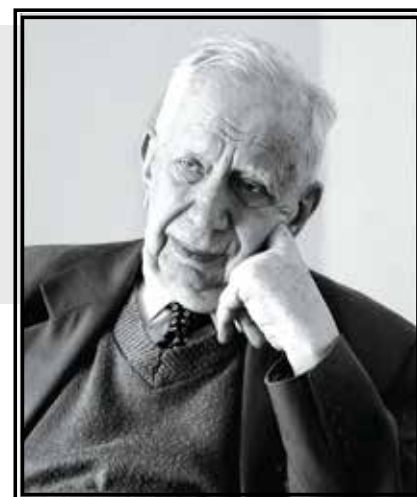
*Edwin Bendyk, Urszula Papajak, Marcin Popkiewicz, Michał Sutowski*

*Wydawnictwa Krytyki Politycznej*

This book is published under the patronage of the PTE.

# Professor Antoni Kukliński - One the Founders of the Strategic Thought Forum

**In 2015 we had to say goodbye to Prof. Antoni Kukliński – an outstanding scientist, an innovator in his field, an inspiration for an array of international and national research projects, and a highly valued member of and contributor to the PTE.**



Prof. Kukliński distinguished himself in the world of science as a manager of the United Nations UNRISD programme on regional development and editor of a widely cited and influential series of books under the Regional Planning Publication Programme. He held government positions as Deputy Minister of Foreign Affairs and Deputy Chairman of the Committee for Scientific Research.

Among the rich biographical achievements of Professor Kukliński it is well worth mentioning his creative participation in the construction of Polish economic geography in the years 1954-1958. This involved breaking away from the cul-de-sac of copying the Soviet economic model, and creating a modern vision of the Polish economic geography.

In the years 1958-1959, thanks to a grant from the Ford Foundation, Prof. Kukliński studied in the United States. The year 1965 opened a new chapter in his biography – cooperation with the UN, which continued in various forms until 1981, although most impor-

tant were probably the years 1965-1971. In 1965-1966 he was appointed consultant to the United Nations Economic Commission for Europe in Geneva. In 1967, he accepted the nomination for the position of director of the United Nations UNRISD regional research program.

The years 1976-1996 marked his long-standing activity at the University of Warsaw. The consecutive versions of the European Institute for Regional and Local Development, as an important interdisciplinary institution, arose from his initiative. This Institute developed and implemented many research programmes, especially the Local Poland Programme and the Vienna Programme.

Prof. Kukliński, as director of the Polish Association for the Club of Rome, was one of the founders of the Strategic Thought Forum in 2008 (together with the Polish Economic Society and the Warsaw School of Economics). The main objective of the Forum was to promote strategic thinking in Poland. This objective was implemented through a series of debates, research and analyses,

and studies of the relevant world and national literature. The participants of the debates, which took place mainly at the headquarters of the PTE, comprised persons from the academic, business, and central and local government communities. The debates - on the future of Poland, Europe and the world - undertaken within the framework of the Forum aroused a great deal of interest on the part of all the participants. Some of them, such as an international conference organized jointly with the Club of Rome and the Ministry of Regional Development (Warsaw 2008), brought together prominent experts, including world-class futurologists. The intellectual output of the Forum was published in special PTE Bulletins.

Professor Kukliński will be sorely missed and his invaluable contributions to the PTE's activities long remembered.



■ Jerzy Osiatyński\*

# Remembering Kazimierz Łaski

## – (15 December 1921 – 20 October 2015)

**Born in Poland, in Czestochowa. During the war he fought in the People's Army, and in 1945 started studying economics at the Academy for Political Science in Warsaw from which he graduated in 1948.**

Łaski himself segmented his research output into three periods: (i) prior to Kalecki, (ii) with Kalecki, and (iii) after Kalecki. In the first phase, his research focused on studies in the dynamics of investment and consumption in the course of Poland's fast industrialisation in the 1950s. The second phase represents his close collaboration with Michał Kalecki, whose theories and personality fascinated Łaski. He soon became his strong proponent and eager student. It is then that Łaski publishes his „Outline in the Theory of Socialist Reproduction”, as well as other papers that developed Kalecki's theory and popularised it.

The significance of those studies went far beyond academia. They set theoretical limits to economic voluntary decision-making and requested central planners to accept constraints imposed by cost-benefit analysis. Kalecki, Łaski and their close collaborators requested the political decision-makers who forced ever larger investments to consider the resulting short-run changes in consumption. Although from today's perspective, the practical impact of the suggested constraints on politically motivated investment decisions was negligible, it infuriated the communist political leadership for the lack of subordination of elite economic professors. At the same time, however, it distinguished Poland from other centrally planned



countries, paving new ways to economic theorising. Moreover, a quarter of a century later, in Poland those post-1956 outposts of economic 'revisionism' facilitated its transformation from a centrally planned to a market economy.

In that phase, Łaski's research, teaching and organisational initiatives significantly contributed to establishing in Warsaw a research centre which sometimes was called a 'Socialist Cambridge', the central figure of which was Kalecki. This 'Golden Age' of research and development was disrupted, however, by the anti-Semitic purges in Poland in 1968. Łaski emigrated to Austria where he first worked at the Austrian Institute of Economic Research and then at the Vienna Institute for Comparative Economic Studies, of which he was Research Director in 1991-96. In 1971 he also assumed a chair at Johannes Kepler University in Linz where he taught until 1991.

The 'post-Kalecki' phase represents Łaski's further studies in developing

and up-dating Kalecki's theories in the global economy environment, as well as his continuous defence of the theoretical foundations and the practice of government intervention policies based on effective demand theory. These studies made him the truest student and follower of Kalecki. In neglecting the consequences of aggregate supply changes that follow cuts in aggregate demand, he saw, next to crisis-prone adjustments in a market economy, also the cause of economic policy mistakes in the early stages of economic transformation in 1989-90, and especially in the thereby invoked, unnecessarily deep economic recession.

At the time, being a Minister in Tadeusz Mazowiecki's Government, I invited Łaski to write – in the capacity of my official advisor – a memo on short-run macroeconomic consequences of Poland's shock therapy. Next, I circulated his memo among senior economic ministers and Government advisors, but the importance of Łaski's note was not appreciated by them. Regrettably, time proved his argument right. Moreover, the memo brought Łaski full recognition in Europe and elsewhere for the accuracy of its analysis and recommendations.

Until literally the last days of his life, he continued work on his new book. His „Lectures in Macroeconomics: A Capitalist Economy without Unemployment”, is a textbook based on present day's extensions and development of the theories of Kalecki and Keynes.

*Let this memory of him stay with us.*

\* Jerzy Osiatyński – Professor, Institute of Economic Sciences, Polish Academy of Science.

# Professor Edward Szczepanik – Economist, Soldier, Statesman

Edward Szczepanik's works have a unique character. They have a timeless value, both in their methodological and cognitive aspects, and they make an important contribution to the theory and economic policy of developing countries.

Edward Franciszek Szczepanik was born on 22 August 1915 in Suwałki, Poland. He graduated from high school there in 1933. Afterwards he went on to commence his studies in the Warsaw School of Economics, from which he graduated in 1936 with a master of arts diploma in economics, with honours for his thesis "British monetary problems in time of economic crisis". He wrote his thesis under the supervision of prof. Edward Lipiński as part of a seminar on political economics and schools of economic cycles. After graduation he did his military service.

In 1937 he received a scholarship from National Fund for Culture, which allowed him to continue his studies in London in, among other places, the London School of Economics and Political Sciences, where he used his two year stay to prepare his doctoral thesis.

Thanks to a recommendation from Prof. Edward Lipiński he had the opportunity to study under Prof. Lionel Robinson and Prof. Friedrich von Hayek. It was during his cooperation with the latter that Szczepanik began writing his thesis.

In London Szczepanik also met prof. Paul Rosenstein-Rodan, who

taught at the Royal Institute for International Affairs at the time. After the Second World War the two became friends and cooperated in academia.

Upon his return to Poland Szczepanik began working as an assistant to Prof. Lipiński at the Warsaw School of Economics, in the Department of Political Economy. He also worked at the National Bank of Poland, where he wrote his innovative paper "On the matter of neutral money" (1938).

Edward Szczepanik's academic career was halted by the start of the World War II. He put down his pen and took up arms. As an officer cadet he was sent to Vilnius, and later was taken prisoner in Latvia and detained in the prison in Kozielsk, then sent to the Kola Peninsula and eventually deported to Murmansk. After the Sikorski – Majski agreement was signed on 30 July 1941 he travelled by ship to Arkhangelsk (Russia) and by train to Tatishev on the Volga River, where the 5th Infantry Division was formed, marking the reformation of the Polish Army on foreign soil. There in December 1941, during the visit of Gen. Władysław Sikorski, Szczepanik was promoted to Second Lieutenant and assigned

to the II Corps of the Polish Army under Gen. Władysław Anders. Later Szczepanik went on to become an officer of the 4th Light Artillery Regiment in the 5th Infantry Division and fought along the Eastern front from the Volga regions to Italy, where he took part in the battles of Monte Cassino, Ancona and Bologna. During his time in Italy he was promoted to major.

In 1945 he was awarded a Cross of Valour for the Battle of Bologna, two Silver Crosses with Swords, and the Croce al Merito di Guerra, as well as a number of British medals of honour. For his outstanding contribution to Poland, the Polish Government in Exile awarded him the Knight's Cross of Polonia Restituta and a Commander's Cross of Polonia Restituta. During the war he held classes on social issues for his fellow soldiers. Following the break up and demobilisation of the Polish armed forces in 1946, he became a tutor in the Faculty of Economics and Law at the Centre for Academic 2nd Corps, where he gave lectures and seminars in economics.

Upon completion of his military service he settled permanently in England and returned to academic work. He started with a series of lec-

\* Kazimierz Starzyk – Professor, WSB University in Poznań



tures in political economy at the Polish University College (PUC), where he was employed in 1946 as an Assistant Professor. He went on to do another master's degree at the LSE, which was required in order to confirm his Polish master's degree. His academic work was combined with expertise and social activities. He soon became a respected scientist and consultant of the Polish Government in London, which entrusted him with the preparation of expert opinions on important issues relating to the economic and social aspects of the Polish and world economies.

He became a board member of the Polish Citizens' Committee for Refugees, served as Secretary of the Association of Polish Economists Abroad, and was elected president of the Alumni Association WSE Abroad. His written work includes such respected contributions like „The outline of economic welfare policy” (1953).

In 1953, Szczepanik became employed by the University of Hong Kong as a senior lecturer and co-creator of the Department of Economics, initially serving as the

Department's dean. He also co-organised the Hong Kong Economic Association.

Szczepanik's studies in Hong Kong centred around the economic and social problems of developing countries, with special focus on the economies of Southeast Asia and Hong Kong. His main research interests also included the problems surrounding Chinese economic development in the context of its emerging links with the global economy in the late 1950s and 1960s (the so-called “Great Leap Forward” program).

Szczepanik's academic stay in Hong Kong resulted in a number of influential world publications. Two of these deserve particular recognition as they unquestionably contributed to the field of economic science, especially developmental economics and, in geo-economic terms, Asian studies, which had become more important than ever before. The first of these publications was the book *The Economic Growth of Hong Kong*, twice published by Oxford University Press (in 1958 and 1960) and for which Szczepanik received a PhD from London University in 1959. This book can be found in 46 renowned libraries around the World including the US Library of Congress, and in 17 of the leading US universities. *The Economic Growth of Hong Kong* provided an innovative, theoretical foundation for the industrialisation strategies of underdeveloped countries in connection with the creation of their economic potential. This work continues to have great value both in terms of its theoretical and practical application aspects. His theoretical approach presents, on one hand, the scientific justification for the economic development strategy based on the use of external factors - foreign trade in particular, and on the other

hand it addresses the challenges surrounding the use of internal factors – mainly the use of skilled labour as a method for increasing labour productivity and thereby increasing economic growth. It also emphasizes the importance of the cultural factor, which in the literature on the subject would later be referred to as the so-called ‘Asian values’.

In the preface to Szczepanik's work, F. Benham highlighted the method used to analyse the development of the Hong Kong economy and its achievements, and formulated the following opinion about the book: „This spectacular development, which has enabled Hong Kong to achieve standards of living much higher than in most Asian countries, must be of great interest to all who are concerned with problems of economic growth and industrialization. What forms did it take? What conditions made it possible and what forces brought it about? What are the limitations, if any, on further expansion? These and allied questions are answered by Mr. Szczepanik, a first-class economist who has studied the subject on the spot for four years. His detailed surveys and illuminating analysis make his little book a valuable contribution”.

Similar attention was given to Szczepanik's other book, *Symposium on Economic and Social Problems of the Far East*, published by Hong Kong University Press in 1963.

He was also a science editor and author of a paper titled “Balance of Payments of Mainland China” which was the first academic publication on China's balance of payments and which treated China as a developing country. It is a pioneer work among the great world academics, dealing with issues relating to less developed countries and especially focused on the key problems behind Asia's economic develop-



ment, in particular that of East Asia. This position can be found in 35 renowned foreign academic libraries.

It is worth mentioning that Szczepanik's scientific achievements and experiences during his stay in Hong Kong were met with great interest by many international organizations, and as a result he was given the position of economic adviser in several of them, including the Commission for Asia and the Far East, the U.N High Commissioner for Refugees, and the International Coffee Organization. He was also entrusted with the honourable function of economic adviser of the Pakistani's Government Planning Commission on behalf of Harvard University between 1961-1963, as part of its flagship project on the industrialisation and development of less developed economies.

In 1963, Edward Szczepanik returned to Europe and took up a position at the FAO as a senior economist and as a director of Graduate Studies in Agricultural Policy at the UN. He was also the Director of agricultural planning courses for economists from the developing countries.

Parallel to his work as an expert and to his position at the FAO, Szczepanik devoted himself to further scientific work. He conducted research on the problems of development of agriculture and agricultural policy, with special emphasis on developing countries and on the Polish economy.

During this fruitful period of his academic and scientific career, one work above all demands particular consideration, namely the pioneering paper "Agricultural Policies at Different Levels of Development", FAO, Roma 1975. It was on the basis of this piece that the Warsaw School of Economics awarded Szczepanik the title of Doctor Honoris Causa.

During his stay in Rome he was a

delegate of the Polish Government in Exile to the Holy See and took an active part in social work as Chairman of the Polish Council in Italy.

After the end of his mission in Rome he continued work at Sussex University between 1978 and 1981. On the basis of the materials he gathered there he published another work, "New Limits of European Agriculture" (1985). This work was often cited in many articles on the directions of Polish economic reforms and the political situation in Poland.

Another pioneering work of world renowned scholars dealt with the issue of underdeveloped countries, dedicated to the key development problems of the East Asia economies, chiefly China and Hong Kong. In one of the numerous posthumous memoirs dedicated to Professor Edward Szczepanik he was given the following ascription: "The first Economist to chart the growth of Hong Kong" (South China Morning Post, 19.10.2005).

In 1981 he became a Professor of Economics at the Polish University in Exile (PUNO). He also held the post of dean there. In addition, he was the chairman of the organising committee and the chief editor of the ten volumes of the work of the Congress of Polish Culture in Exile (1985). He also served as President of the Polish Scientific Society in Exile.

In the period 1981-1986 Prof. Szczepanik was the Minister of National Affairs in the Government of the Republic of Poland in Exile. On 7 April 1986, following the resignation of Prime Minister Kazimierz Sabbat, he became the Prime Minister of the Polish Government in Exile, a post he held until the Polish Government in Exile was dissolved on 2 December 1990.

Professor Edward Szczepanik died on 11 October 2005. On 19 Decem-

ber 2005 The Guardian dedicated an article on him, co-written by Leszek Balcerowicz, stating that: "Edward Szczepanik, who died aged 90, was the last prime minister of the London-based Polish Government in Exile... He held the post of prime minister from 1986 to 1990: at a cabinet meeting that year, he advised the last president in exile, Ryszard Kaczorowski, to accept an invitation to go to Warsaw and transfer the flag and other insignia of office to Lech Walesa as the "President of the Republic elected by the Polish people in free general elections". Walesa expressed his gratitude thus: "You carried the banner of freedom with pride. The Polish authorities in exile have performed their historic mission with dignity and victoriously".

Edward Szczepanik's works have a unique character. They have a timeless value, both in their methodological and cognitive aspects, and they make an important contribution to the theory and economic policy of developing countries. In conjunction with his research into agriculture and agricultural policy during Szczepanik's stay in FAO between 1963-1977, and next at Sussex University and PUNO, they also make a significant contribution to the economics of development and the economics of transition.

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# Polish Economists in the World

The Polish Economic Society maintains contacts with many Polish economists working abroad. These are mainly university lecturers, but also include economic practitioners and persons performing important functions in national and international structures. Some of these people have registered on our website ([www.pte.pl](http://www.pte.pl)). Below we present profiles of some of them:



**Włodzimierz Amber**, lives in Gothenburg, a retired lecturer and honorary doctor at the Gothenburg School of Business, Economics and Law at the University of Gothenburg.



**Henryk Kierzkowski**, lives in Geneva, Honorary Professor Emeritus of the Graduate Institute of International Development Studies.

cultural economics, values, religion, and happiness. He is also interested in information technology and computational social science: automation, data mining, data management and text processing. He uses Linux, Python and Stata. [adam.okulicz.kozaryn@gmail.com](mailto:adam.okulicz.kozaryn@gmail.com)



**Wiktor Askanas**, PhD., Professor Emeritus University of New Brunswick, strategic management and corporate governance, Second term Judge of the Canadian Competition Tribunal. [askanas@unb.ca](mailto:askanas@unb.ca)



**Aleksander Markowski**, Ph.D. i Associate Professor. Lives in Stockholm since 1970, graduated from the Faculty of Economics of the University of Warsaw in 1969, worked at: [from the most recent] Central Bank of Malta; National Institute of Economic Research in Stockholm; International Monetary Fund; Stockholm University; Central Bank of Sweden. [alek1946@gmail.com](mailto:alek1946@gmail.com)



**Kazimierz Z. Poznański** – Researcher and Professor at the Henry M. Jackson School of International Studies at the University of Washington in Seattle. He deals with issues related to economic transformation and international relations. [kazimierzpoznanski@yahoo.com](mailto:kazimierzpoznanski@yahoo.com)



**Barbara A. Despiney-Zochowska** Research Fellow at the CNRS (Centre National de la Recherche Scientifique: Panthéon-Sorbonne-Economie, Université Paris 1, CNRS, Maison des Sciences Economiques, 106-112, Bd de l'Hôpital, 75647 PARIS Cedex 13. Her teaching and research interests include Economics in Transition (since 1990), especially in local and regional studies. [despiney@univ-paris1.fr](mailto:despiney@univ-paris1.fr)



**Adam Okulicz-Kozaryn**, Assistant Professor of public policy at Rutgers University, Camden Campus. He obtained his Ph. D. from the University of Texas at Dallas in 2008. His work has covered a variety of topics: income inequality, consumption, preferences for redistribution, urban and rural issues,



**Piotr Pysz** – Professor of the University of Finance and Management (WSFiZ) in Białystok, he lectures economics and economic policy at the Faculty of Economy at the Fachhochschule für Wirtschaft und Technik in Vechta/Diepholz/Oldenburg. He also lectures systemic transformation, European integration, and economic policy, and deals with

concepts of ordoliberalism and social market economy.  
pyszpiotr@googlemail.com



**Jerzy T. Rozanski**, lives in Ashburn, Virginia, an economist by education, has worked for many years at the World Bank. He is also a software computer programmer.  
Jerzy @ Rozanski.US



**Jan Napoleon Saykiewicz**, Ph.D.; D. Sc., full tenured Professor, recently Professor Emeritus at the Palumbo

Donahue School of Business, Duquesne University, Pittsburgh, Pennsylvania, U.S.A. Throughout his career Dr. Saykiewicz has been mainly involved in the academic life, but he also has some business experience. He also served as president of the International Management Development Association (IMDA), and is a Board Member of the Polish Institute of Arts and Sciences of America, Inc.; a member of the American Marketing Association, Academy of International Business and a Fellow of the Academy of Marketing Science. His major areas of interest include: Marketing Management, International Marketing, Comparative Marketing Systems, Logistics. He is Honorary Consul of the Republic of Poland in Western Pennsylvania. saykiewicz@duq.edu



**Hanna Szymborska**, University of Leeds, UK Researcher at the University of Leeds in the area of inequality, financial economics, socioeconomics,

economic history, statistics and macroeconomics. Obtained BSc Economics from SOAS, University of London and MSc Economics from University of Leeds.  
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**Danuta Tomczak**, lives in Norway, a graduate of the Faculty of Economics, University of Warsaw, works at Ostfold University College, Halden, international economics  
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**Jan Toporowski**, Professor of Economics and Finance and Chair of the Economics Department, The School of Oriental and African Studies, University of London. His work has covered a variety of topics: macroeconomics theory, monetary and financial theory, history of economic thought, including Michal Kalecki theory.  
jt29@soas.ac.uk



**Krystyna Vinawer**, lives in Paris, graduated from the Faculty of Economics, University of Warsaw, co-founder of CIREN, employed from 1973 until 2011 in the Ecole des Hautes Etudes en Sciences Sociales, Centre International de Recherche sur l'Environnement et le Développement – CIREN (International Research Center on Environment and Development), Paris.  
vinawer@msh-paris.fr

**Anna Zalewska** is a Professor of Finance and the Founding Director of the Centre for Governance



at the University of Bath. She obtained a PhD in Mathematics from the Polish Academy of Sciences (Warsaw) and a PhD in Economics from the London Business School. She has held visiting positions at the Haas School of Business, the University of California Berkeley, the NYU Stern School of Business, and the Rutgers Business School. She has published on the evolving characteristics of financial markets, corporate governance, regulatory issues concerning public utilities, and the pension industry. In addition to her academic work she has also worked on various research projects for numerous UK governmental and regulatory bodies (e.g., Department for Energy and Climate Change, Financial Services Authorities, Competition Commission, Her Majesty's Revenue and Customs). a.zalewska@bath.ac.uk



**Waldemar W. Koczodaj**, Professor, Laurentian University, Sudbury, Ontario, Canada knowledge process, decision making, subjectivity, inconsistency  
wkoczodaj@cs.laurentian.ca





# Taiwanese Evening

Professor Elżbieta Mączyńska was an invited guest of the 5th meeting of local businessmen in Ząbki, entitled “Taiwanese Evening”.

An important part of the event was a panel discussion about the economy in Taiwan, featuring Colin Kao, Director of the Economic and Cultural Office of Taiwan in Poland, who gave a presentation about the culture and economy of Taiwan. Participants

also had the opportunity to watch a film about the Polish – Taiwanese relationship. Colin Kao explained, among other things, that certain Polish products could be sold in Taiwan, such as milk, apples or various blueberries, which are of high quality in Poland.



## Seminar in Vlotho

The 24th Scientific Seminar “Ordoliberal concept of social market economy – implementation in Germany and Poland”.

The aim of the seminar, which was held between 16 and 30 August 2015 in Vlotho (Germany), was to exchange views and experiences between scientists and practitioners on the concept of the ordoliberal social market economy, as well as the integration of scientists from various scientific centres of Poland, Germany and Belarus. The event inspired young researchers to expand their knowledge of Ordoliberalism and also constituted an opportunity for them to establish contacts with experienced teaching staff. Under the patronage of Prof. Elżbieta

Mączyńska and Prof. Piotr Pysz, the group coordinators and mentors of the seminar, the participants presented their papers.

The leading topics included:

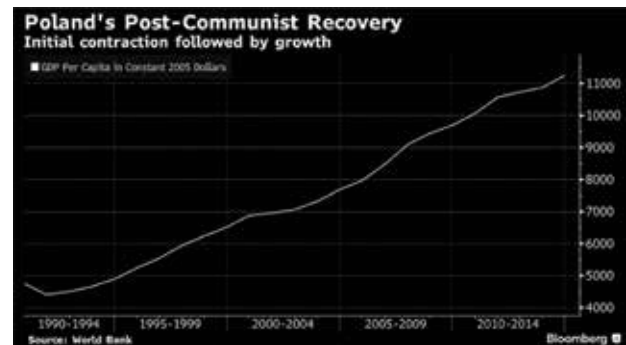
- The situation in post-war Germany;
- Current problems in Ordoliberalism;
- New nomics.
- The conceptual approach.

The idea of a social market economy is promoted on the [www.sgr.ptc.pl](http://www.sgr.ptc.pl) website, which contains more information about the seminar in Vlotho.



## What China's Leaders Could Learn From Poland

Ex-Polish finance chief Grzegorz W. Kołodko said: „I understand the politics because I have been there.



When it comes to China's managing the transition of an economy from socialism to a free-market led system, its leaders could do worse than looking to Poland for lessons. That's according to Grzegorz W. Kołodko, a professor at Kozminski University in Warsaw who as Polish finance minister in the 1990s helped oversee the country's economic revival in the aftermath of the Iron Curtain's collapse. Kołodko, who was a speaker

at a conference organized by the People's Bank of China and the International Monetary Fund, advises shaking up the state owned sector by tackling monopolies and allowing privatizations. More comments of Grzegorz W. Kołodko on China on Bloomberg “What China's Leaders Could Learn From Poland” <http://www.bloomberg.com/news/articles/2016-04-21/as-china-mulls-reforms-champion-of-polish-model-flags-lessons>

# Economist's Questionnaire



**Professor Stanisław Owsiak** – He became interested in economics while he was still in secondary school. His older sister, a Master of Economics, encouraged him to study in the field. Currently, he specializes in public finance, state financial policy, monetary policy, and public sector economics. Among his proudest accomplishments he considers his book “Finance” (about, inter alia, financial crises and their social effects), as well as the country’s first textbook written during transformation period: “Public Finance. Theory and practice”. He is a former member of the Monetary Policy Council (2004-2010), as well as the initiator and co-founder of the Department of Finance at the University of Economics in Krakow.

**What my Economic Society means for me:** *The organization of Polish economists has been instrumental in enhancing the position and prestige of this profession, even during the period of the planned economy, when the status of economist was inferior. With respect I refer to the more than two hundred year-old tradition of the PTE.*

**I earn money:** *because we live in a monetary economy, but I look down my nose at it. Besides I make money on money, examining its nature, trying to explain why there is an obsession with it, for example speculation, getting rich at any cost, and the tragic consequences to which it can lead.*

**The greatest sin of economists:** *Lack of humility, which manifests itself in unceremoniously proclaiming one’s truths as the only correct truth. Some economists forget that economics is primarily a social science. This provokes the demons, the cult of money, greed, fraud, speculation, and so on.*

**There is no day for me without:** *reading a few pages of literature.*

**Success for me is:** *something completely normal, as is defeat. You cannot enjoy success without feeling the taste of defeat.*

**People do not know that:** *I am a mild man, cultured, and I do not recall having hurt anyone in my long-standing academic practice. I do not know why my students are afraid of me.*

**I’m a boss who:** *is demanding, of both himself and others. I hate disloyal employees, and those who wriggle prevaricate and twist to attain their own aims. If possible, I quickly part ways with them (including firing them if permissible).*

**I could hire:** *a professional, but one who is loyal. There is nothing worse in the work environment than dodgers who think they are cunning. However, a man with an average dose of intelligence will quickly recognize them.*

**I would not hire:** *someone who can pose a threat to the team in which he is supposed to work. I was not always able to look deep enough into the eyes of candidates and later it sometimes came back to haunt me.*

**Competition:** *has its positive effects, but it should not take an extreme form, which leads to an aberration. Sometimes you need to "let it go" to gather strength for the next challenge.*

**I spend holidays:** *traditionally; a little rest, a little work. I do my best scientific work precisely when I'm on holidays.*

**What irritates me:** *The great ideas of ministers who, when asked about the sources of financing, reply: "The money will be found." This is a lack of professionalism and disregard of the opinion of the economic milieu.*

**What drives me mad:** *The sloppiness in creating laws in our country. Lying, cheating, empty words, verbosity, lofty slogans, and the prevarication of politicians abound.*

**I never deny myself:**... *work, but also jokes, without which life would be unbearable.*

**The Internet is:** *above all, the source of information, and sometimes an entertainment. On the internet you can find a lot of music to write scientific or popular texts by.*

**I'm reading:** *classical literature - perverse, allusive, magical (e.g., Kurt Vonnegut, Woody Allen, Milan Kundera, and Mikhail Bulgakov). Also classical and modern philosophers.*

**I watch:** *documentary films about World War II. It is still difficult to understand how this apocalypse occurred, and role economics played in it. I also watch nature films, for example David Attenborough's, and also Monty Python, Cabaret of Old Men, BBC, or the underestimated Deutsche Welle.*

**Favourite gadget:** *car keys*

**If I was not who I am, I would be:** *a breeder of... financial sharks.*

**If it was up to me:** *I would abolish university elections in their current form. They are attended by a huge number of electors, including the over-representation of students, whose voices are gained by the promises of benefits and who are often decisive in electing the Rector or Dean.*

**The strangest thing I have, is:** *old watches, based on traditional mechanical movements.*





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