

Introduction

Poland, like other countries, is a place where individuals, families, and local communities have their own sense of material well-being and poverty, justice and exploitation, subjectivity and restrictions of free choice, development and stagnation, or a way of referring to the world and people. Moreover, the society as a whole has its own specific development processes. Compared to the leaders of the global economy, we are record holders: we work for a minimum wage, we live in a degraded natural environment, but at the same time we are leaders in terms of GDP growth rate, innovation “outsiders”, we form a national monolith, scarred by a political division into two Polands with homogeneous culture and national conservatism, remaining in opposition to the logic of universalism. We also have many other more or less specific potentialities indicated by luminaries of various sciences and intellectuals, as well as barriers resulting from disproportionate, enclave-like, diffusion-polarisation development, excluding entire social groups from modernisation and its benefits, as well as from wealth multiplication and participating in it. Knowledge of this social, regional and national specificity, its conditions and consequences for a better future remains extremely important.

The existing circumstances are important determinants of the range of possible choices and of effectiveness of actions. Among them, path dependence, i.e. attachment to the rules of thought and action inherited by subsequent generations, is one of the fundamental determinants of the future. Therefore, these roots of failure and success must be scrutinised. In this sense, historical knowledge becomes a teacher of life, provided that in a maze of facts and coincidences, we can discover the principles of action of people who perform various roles in the structure of economic, social and political systems, and the resulting consequences for the course of real processes from the links between these facts and coincidences. For this purpose, a reductionist approach, methodological individualism and mechanistic models of researching development trends are not enough. Such perception omits many important factors determining the quality of life, promotes the objectification of people, dehumanisation of business, and leads to mistaking means for goals.

It is necessary to refer to the holistic approach and respect the link between economics and other areas of human existence and action. This is where history can

help us by opening our minds to understanding human nature and destiny, as Ludwig von Mises perceived its function. The research achievements of various trends in modern economics and other sciences are already so great that there is no need for pessimism.

Thanks to the integrated approach linked to historical analysis, we can assess the consequences of the game of interests from the perspective of the entire space of development goals in an unbiased way. We also have the chance to take advantage of the best of our experience of using reason and emotions to solve problems, and not to forget about the importance of contextual factors in achieving development goals, coincidence and the risk of extremely rare events capable of changing the course of history.

History is a source of red flags. However, one must learn to read them and distinguish what is temporary in its nature from what can last for centuries. Reforms that support the efficiency of these systems cannot be carried out without the knowledge that institutions form a structure with a diversified horizon of action, and their modernisation is possible, but the operation of new institutions decreed by reforms is conditioned, among others, by attachment of the rules of thinking and action to the trail of history.

Without reliable historical knowledge, scholars' prescriptions can easily become wishes, and reforms referring to them sooner or later turn to be disappointing. This was proven in experiments with non-private, centrally planned economies that were completely detached from historical experience. Disregarding the specificity of the condition of cultural capital and the restrictions resulting therefrom also took place in the case of the concept of transition to capitalism first implemented in 1990, which was supposed to unleash universal attitudes of self-responsibility under the pressure of stimuli resulting from the combination of neoliberal, standard and restrictive macroeconomic policy with shocking deregulation of the economy. However, this resulted in high social costs, enclave-like development and ostensible participation for the empowerment of society. The reaction to these problems are ideas derived from the conservative idea of continuity and change in order to achieve a basic consensus by referring to pro-social and independent development programs postulated in the Second Polish Republic, as well as ways of implementing them. Traces of this are clearly visible in the currently implemented "Strategy for Responsible Development".

The jubilee year 2018, marking the centenary of Poland regaining its independence, is a good opportunity for unbiased learning from our beautiful, but at the same time so very dramatic history. That is why, in this monograph, these history lessons are quoted and analysed from the perspective of integrated development, understood as the purpose and sense of existence and action of every human being, which is expressed in the natural pursuit of using one's own potential and environmental resources to realise the functions of development goals in a sustainable manner, appropriate for all spheres of human existence and action.

Out of necessity, we are forced to rely on official statistics. However, we also refer to facts that are not subject to statistics and the circumstances in which development

policies and institutional reforms were implemented. We also do not overlook the international context in which the processes of economic and social development in Poland have taken place over the last hundred years. In the era of globalisation of liberalisation, the processes taking place in the international environment become the fundamental determinants of real and regulatory processes in the national economy, because the mechanism of connected vessels works here with enormous and growing strength. On the other hand, the multi-generational time range of the analysis opens up the possibility of comparing the importance of different institutional solutions and macroeconomic policies in shaping determinants, stimuli and development aspirations as well as modernisation focused on improving the quality of life. Without reliable facts, it is very easy to get lost in the world of mediocratic noise generated by theories built on assumptions that excessively reduce the motives and directions of human activity.

An extremely economic man, indestructible in mainstream economics, reduced to *homo oeconomicus*, has many forms of competitors in heterodox economics. *Homo agens-institutionalist* is promoted in the neo-institutional trend popularised through transformation [Chmielewski, 2011]. His full rationality and free choice are limited by behavioural institutions. Strong proponents of environmentalism and sustainable development emphasise the ability of an economic man to cooperate and act for the common good. Behavioural economics also notes the presence of people who are emotionally limited, subject to herd behaviour, easily manipulated by “econs”, who always act in a calculative way, make economically rational decisions and do not need state support. There are also intellectuals and economists who assume that it is not selfishness but ideas that break the hierarchy, liberating them to achieve freedom, dignity and creativity, serving as a source of progress and development [Weigel, 2005; Benedict XVI, 2009; McCloskey 2017].

Despite the multitude of economic man’s paradigms, proposals for solutions to economic problems seem most often tailored to the fictitious persona of an economic man maximising his own countable benefit in market terms, as if his psyche was free of emotional, informational and cognitive limitations. The paradigm of the economic person free of these restrictions facilitates the construction of elegant models and narratives that are easy to understand but doubtful as far as raising the quality of life in the entire space of development of individuals and mankind is concerned.

Economics built on such a paradigm serves only itself, limiting itself to epistemological functions by creating elegant models that facilitate understanding of phenomena, processes and systems. Its mission should also, or perhaps above all else, be expressed in the proper fulfilment of prognostic and application functions, not only descriptive and cognitive. Therefore, it must be based on paradigms that will allow using theory to implement people’s development goals effectively. For this reason, also in economics we can observe an evolution of thinking about the rules of operation of the economic man.

Thanks to the new paradigms of the economic man and because of the departure from excessive reductionism, the economy is increasingly reflecting the actual

decision-making process. However, moral relativism opens up the space for multiplying various theoretical syntheses and favours the misappropriation of the mission of science, which is the search for the truth about what exists. Does this evolution lead to a new economy for people, not for “econs”, and has it already created sufficient conditions for the emergence of an integrated development economy? Attempts to answer these questions are also being made in Poland [Kołodko, 2013; Słodowa-Hełpa, 2013; Woźniak, 2015; Mączyńska (ed.), 2019]. This monograph also fits into this critical reflection. It draws attention to the fact that human development goals should not be reduced to the tastes of modern people observed in facts, which are reflected in economic models. After all, these models are the product of the possibility and quality of knowledge capable of acting coupled with the will, which is based on the full deposit of axiological determinants, universal and specific, fundamental and derivative. Without these fundamental bases, flooding economy with capital leads to an increase in production, the implementation of which requires the support of social engineering actions consisting of “fishing for pushovers” [Akerlof, Shiller, 2015], which do not serve a harmonised improvement of the quality of life.

In the world of moral relativism, economics can offer various ideologised and mutually exclusive normative models. The same happens in other sciences. They can be chosen based on ideologies, interests and political goals. However, this raises serious problems. The world of science, apart from reliable knowledge about actual processes and possibilities of rational ordering them in accordance with the challenges of time and space, as well as the functions of the goals of individual spheres of human existence, creates information noise. These types of simulacra are one of the fundamental reasons for the helplessness of modern man facing free choice [Baudrillard, 1981]. The unlimited variety of models organising the rules of this choice, if it assumes moral relativism, makes the decision-making process of the human mind, which is enslaved by perfectionism, overly dramatic. Ideologised models and theories create a space of information noise, and when they become prey of mediocracy, they give rise to future shock, increased risk and uncertainty for the vast majority of people, fears for a better future and catastrophic visions.

Arrogance towards discoveries is slowly becoming the norm. In the face of such intellectual processes, the dilemma between individualism and holism, observable in the methodological basis of a good theory in social sciences, becomes equally relevant today as it was in the post-war period.

In economic debates, doubts arise as to the recognition of the human individual as a one-dimensional human being, limited to the maximisation of its own countable benefit in market categories. It is obvious that there are indisputable relationships in the form of interactions between individuals and human communities. It is expected that an integrated, multidimensional human being guided by complex selection criteria, not inducible to a common denominator, should be respected in the economic theory. In economic policy, there are emerging dilemmas of development according to standardised model of neoliberal rules to which Polish transformation was subject. They also concern the strategies of economically, ecologically and socially sustainable

development offered by the European Union, as well as an independent development based on pragmatic thinking free from theoretical, political and axiological dogmas, in particular referring to protectionist practices.

The individualistic logic prevailing in economics still does not provide answers to practical needs, how to maximise synergistic effects from the links between the rules of socio-economic coherence, spontaneous development, supported by strategic central coordination. The dilemmas of harmonising economic efficiency and social justice remain unexplained. That is why it is urgent to look for an integrated answer to questions about mechanisms, institutions, management tools and procedures as well as other conditions that would enable the national and global economy to meet the development challenges of the present day and to prevent threats to the existence of various social and national groups and all mankind.

If such holistic analysis is supposed to tell us something, it must be coupled with an individualistic approach. Without the use of this methodological coupling, we are not immediately able to take into account the full detail of the impact of all factors on the development process. Linking research results of the development process of various sciences opens such a perspective. For this, however, a common language of science and coherent research methods are needed. Their keystone may be individuality and readiness to not discriminate against any of the factors, even those not observable empirically, but only imaginable, contained in ideas, hopes and acts of faith. At first, we do not know which of these factors or groups of factors are the most important (economic, environmental, political, technological, cultural, psychological or other). This means that an integrated approach requires interdisciplinary team research. Interdisciplinarity, however, cannot mean giving up order in thinking. Hence free thinking based on a structured analysis of facts, relationships and couplings between them is needed.

Not only for the reasons mentioned above, it is not easy to navigate through the jungle of publications related to economic modernisation, institutional changes, socio-economic development policy, the role of the state in directing and managing these processes and bottom-to-up entrepreneurship. A target economic system capable of harmonising the competitive order with socio-economic cohesion has not yet been built, although actions in this direction have been taken for years in the EU. In practice, however, the fruit of these activities is far from sufficient. The Eurocentric vision of development, attractive to the poor population of the Middle East and Africa, is experiencing a crisis. Therefore, there are tendencies to look for a better development model.

In Poland, at the same time, the ambitions of being an equal partner towards the strongest EU countries and our belonging to it based on subjectivity are revealed. We also want to be a co-creator of a better socio-economic order in the EU experiencing a multifaceted crisis. However, does the Polish society, whose average hourly wage is more than three times lower than in the richest EU country (after deducting pre-tax contributions), have adequate potential for this? Under what conditions can this gap be filled? Is it possible to establish any time limit for this catching up?

And is it possible at all, considering the historically established barriers of modernisation towards integrated development?

Even greater cognitive problems are associated with prospective, normative approaches related to the expected further reforms, not only to complete those initiated by marketisation, but pressure-forced adverse processes for integrated development in various dimensions of human existence.

The intensification of these expectations and the failure of the theory to provide effective responses to development challenges and threats on time is indisputable. Not only those resulting from the global financial crisis and the Eurocentric vision of triple sustainable development (in economic, social and environmental terms) implemented under the conditions set out by the EU institutional order, raise the question of a better model of the economy based on knowledge and innovation, and a better development strategy than recommended at EU level.

Attempts at creating a coherent and efficient mechanism of functioning of the national economy in relation to development goals of people, detached from path dependence, are doomed to failures. The history of a non-private centrally planned economy has already proved it. Also xeromodernisation of the best operating patterns of the economic system is very risky, even if it is logically justified by the mainstream economics, which after all is contaminated with extremely radical reductionism and mechanistic thinking that overestimates individualism and avoids methodological holism. This does not mean that you should only rely on system improvements arising exclusively from spontaneous actions, trials and errors.

Human capital, in particular the one that grows in the sphere of science, is a source of development and change for the better. Drawing from all its sources is necessary. Achieving synergy effects becomes possible only by jointly use multiple sources of development. Among others, one should not skip history lessons. As in a mirror, we can see not only the fate of national modernisation efforts, their specificity, but also the sources of their successes and failures and, in particular, rooting of the rules of thinking and action and their consequences in connection with space-time coincidences. Lessons learnt so far are a condition for realism in the operation and design of development strategies, institutions, tools and procedures for coordinating the operation of micro- and macrosystems. This three-volume work has been done, in particular, from the need to search for this realism, but not against warming the hearts.

Volume 1 of this trilogy is the result of the author's many years of research on fruitful and effective mechanisms for regulating economic processes, allowing for development aspirations that apply to all spheres of human existence. For this reason, the author's views presented earlier can be found here, but they were falsified and supplemented in the context of the integrated approach and the attempted holistic thinking, taking into account new facts, challenges and threats revealed by the modern financial crisis. The idea of re-examining the modernisation efforts of the Polish economy is also associated with the centenary of the independence of Poland and the National Patronage of the President of the Republic of Poland Andrzej Duda over the conference entitled "Polish Economy 1918–2018", which was

held on June 5-6, 2018 at the University of Economics in Kraków on the initiative of the author of this volume.¹

On account of decades of research conducted by the author of this volume and the conference debates organised in connection with them, it has become possible to formulate a postulate of integrated development², which goes beyond the Eurocentric vision of economically, socially and ecologically sustainable development. Its implementation is to emerge from coordination mechanisms, institutions, tools and procedures specific to the new model of the economy based on knowledge and innovation, in which the new quality of human capital is the driving force of harmonised improvement of the quality of life in all spheres of human existence and activity. The prerequisites for this are the regulation of the issue of fair minimum wages and institutional reforms to include all education channels in the process of creating a new structure of human capital, adapted to the needs of digital revolution and integrated development. These theses will be proved in volumes 2 and 3 of the trilogy.

Research in this area must be based on scientific foundations and theory with reliable tools for determining the cost of investment in human capital adapted in its structure and qualitative characteristics to achieve the objectives of integrated development. Such scientific foundations are the basis for postulated introduction of accounting for human capital and national accounts. It is also argued that a rational convergence with the western countries and partnership through the economic integration of the Three Seas countries³ with the euro area requires recognition of need for equalisation of a fair minimum wage based on the cost of investment in human capital between the members of this zone.

In addition to the issue of modernisation of human capital, an attempt will also be made to answer the question about a better model of the economy based on knowledge and innovation, enabling the transition from diffusion-polarisation, enclave-like, disproportionate and unstable development towards integrated development.

The research direction postulated in this monograph results from the growing risk of developmental threats to humanity and the helplessness of economic theory in providing unquestionable prescriptions to prevent these threats. In the case of Poland and countries with a similar developmental context (e.g. the Three Seas countries),

¹ The conference papers were simultaneously published in the scientific quarterly "Social Inequalities and Economic Growth" ("Nierówności Społeczne a Wzrost Gospodarczy") No. 57 (1/2019) and in subsequent editions of this quarterly.

² The author of this publication assumes that the treasury of economic knowledge is mature enough that the time has come for economists to make an intellectual effort to promote thinking in the categories of integrated development, i.e. one that enables sustainable realisation of the function of development goals in all spheres of human existence and activity. This approach towards integrated development refers to Aristotelian eudaemonia as a state of mind that can be achieved at the moment of balanced satisfaction of all needs, both physical and spiritual. It can also be related to a sense of heading towards the perfection of your life, a dignified life as understood by Plato and Socrates. It also anticipates balanced feelings of pleasure.

³ The Three Seas countries include: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Romania and Bulgaria.

imitation of the European knowledge-based economy model or the Anglo-Saxon innovation-driven economy model does not prevent the outflow of talent abroad. For this reason, it is a threat for a developing country possibly causing: difficulties in overcoming internal demand barriers, which are also driven by relatively low wages, a demographic catastrophe and an increase in the risk of collapse of the pension system, loss of opportunities to reduce unfair inequalities in income distribution and of rapid improvement of quality of life, progressive social disintegration and collapse of social capital, loss of the public sector's ability to duly support infrastructure development, innovation, foreign debt service as well as health care, knowledge, education, science, etc.

Attempts to address these phenomena by reviving protectionism and new nationalism raise many reservations. They are a reaction to the problems posed by universalism and standardisation of policies for smaller, economically and politically weaker countries, which must seek development opportunities in using the specificity of local conditions for business success. In the context of these threats, there is a need to search for better policies and institutional solutions that would enable the development of a knowledge-and-innovation-based economy oriented at raising the quality of valuable life, respecting contextual challenges and developmental threats. Poland and the Three Seas countries need a model of economy based on knowledge and innovation, which should be focused on the sustainable implementation of the function of development goals not only in the sphere of economy, ecology and social life. This new model shall contribute to the realisation of valuable life by creating institutional conditions for the harmonised achievement of the function of development goals in the entire space of integrated development, understood more deeply and broadly than "triple bottom line" sustainable development. It shall trigger incentives for autonomous actions for the realisation of valuable life also in the sphere of consumption, human biology, subjectivity, spiritual and intellectual values and improvement of the natural, political, economic and social environment. The causative forces for activating these stimuli should be sought in the dissemination of the holistic perception of the will, knowledge, ability to use it for the sustainable achievement of goals in all spheres of being and human activity, as well as free choice options, among which the characteristics of human capital are of fundamental importance. In the new concept of the economy based on knowledge and innovation, focused on improving the quality of valuable life in all spheres of human existence and activity, the path to fair access to various possibilities leads through the integration of the logic of markets and public policy thanks to the holistic modernisation of reflective human capital and care for development of human capital as a public good nature, and dissemination of innovative behaviours.

The book is addressed to everyone interested in the functioning of an economy that is capable of effectively responding to universal and contextual development challenges and threats, and shortening the development distance in terms of the quality of life, functioning within a just and sovereign state. In particular, it is recommended to university and secondary school students, teachers, lecturers and politicians.

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The shape of this publication was influenced by the interdisciplinary cooperation of representatives specialising in economics, finance, management sciences, sociology, econometrics and statistics, as well as engineering and technical sciences from various research centres. I had a chance to get acquainted with their views during a series of six annual conferences from the cycle “Polish Economy” and seventeen meetings in the cycle of “Social Inequalities and Economic Growth”, however, all the shortcomings of the work are the sole responsibility of its author.

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