

Book review

Ład gospodarczy a współczesna ekonomia (Economic Order and Contemporary Economics). Edited by Piotr Pysz, Anna Grabska, Michał Moszyński. PWN, Warszawa 2014, pp. XXX

Reviewed by Sławomir Czech

The crisis of modern capitalism is evident. Economic policies seem to serve the rich and the powerful, whereas social troubles are constantly rising. The *ad hoc* measures used for struggling against the Great Recession of 2008-2010 saved the day, but give hardly any hope for future high and sustainable growth. The very same crash has also shattered theoretical foundations of neoliberal policies which have dominated for the last three decades. As a matter of fact modern economics has long alienated from real-world issues. In sum, we are seemingly living in the times of social and economic disorder which effectively prevents implementation of any holistic remedies for the above-mentioned issues as well as revival of policies focused on saving values important for Western civilization like freedom, responsibility, and social justice. Modern policies are rather symptomatic, short-sighted, capricious, chaotic, and definitely void of any moral or ethical judgment. What we apparently need is a general refinement of socioeconomic policies and a renewed, systemic, long-term approach to the troubles of modern capitalism and present-day society.

This narrative became a root for the reviewed book which deliberately employs an ordoliberal prism in considering the revealed issues. It is the very concept of economic order that is here of the highest importance serving as a tool for understanding current worries of various kind and eventually for making better policies. The book features also frequent references to the Austrian school of economics (especially F.A. von Hayek and J. Schumpeter) that shares with the proponents of *ordo* a long-term approach, focus on analyzing economic order instead of economic processes, and attempts to combine methodological individualism with a holistic approach. This volume is a pathbreaking effort in domestic literature as well as a continuation and expansion of editors' own research. Professor Piotr Pysz (The University of Finance and Management in Białystok and Fachhochschule für Wirtschaft und Technik in Vechta/Oldenburg) is a proficient and well-known researcher in the field of *Soziale Marktwirtschaft* and ordoliberal theory. His past numerous and informative publications are a good place to start for anybody wishing to study theory and history of German social market

economy. In a joint effort with a new generation of promising young economists Anna Grabska (University of Białystok) and Michał Moszyński (Nicolaus Copernicus University in Toruń) the editors have produced an impressive compilation that aims at providing a broader perspective on theorizing and applicability of ordoliberal thought. A careful selection of contributors, many of them being respectful scholars, is a strong upside of the tome.

The book consists of 17 chapters divided into three main subject areas. The first one (6 chapters) deals with theoretical and ideological questions of economic order. The second (6 chapters) investigates a link between ordoliberalism, economic order and transition issues as experienced by post-communist societies. And the third part (5 chapters) focuses on a broader setting of ordoliberal concepts in contemporary socio-political environment.

The first section opens with a chapter by Janina Godłów-Legiędź who elaborates on the question of ideology in economics. Even though economists have often strived to create a science of “pure economics” many writings are burdened with various axioms, values, and biases. Both neoclassical and Keynesian economists habitually use rhetoric in pushing ahead their policy recommendations and academic arguments. What is, however, very disturbing is that their works are cynically used by politicians and powerful interest groups to achieve their own, short-sighted and self-serving interests thus making economic policies unsettled and desultory.

Another chapter in this section by Anna Ząbkowicz (ch. 3) contains a notable comparison of Walter Eucken’s and Karl Polanyi’s views on the self-regulating market. Eucken and Polanyi shared similar observations of a changing social and economic order between the world wars which in both cases inclined them to write their *magna opera*. Yet they drew quite different conclusions. In Eucken’s view it is interest groups and their impact on economic processes that inhibits the functioning of competitive market mechanism. This is why he expected the state to become an impartial rule maker and moderator of market transactions so that the virtues of self-regulating market may emerge. Polanyi on the other hand criticized the commodification of labor, land, and money which was a result of 19th century *laissez-faire* order. The idea of self-regulating market was utopian on one hand, and socially destructive on the other.

An interesting finding derived from the game theory is presented by Wojciech Giza (ch. 6). According to various outcomes in the literature devoted to the game theory there is no proof that interacting people would spontaneously strive for cooperation. It is rather that their decision are highly context and situation dependent. This is a forcible argument for a creation of constituted order – just in line with ordoliberal postulates. Other chapters in this section concern a Christian view

on economic liberalism (Sergey Łukin, ch. 2), possibilities of constructing a world economic order (Anna Chmielak, ch. 4), and a meaning of Schumpeterian creative destruction for economic development (Robert Ciborowski, ch. 5).

The second part is committed to transition and transformation issues. A challenging endeavor is undertaken by Piotr Pysz (ch. 9) who attempts to create an innovative synthesis of two concepts of economic order: Hayek's spontaneous order and Eucken's constituted order. These two tend to supplement and influence each other, definitely not contradict. Pysz produces thus a pioneering theoretical framework for conducting empirical research on relations between real-world economic orders in a static and dynamic sense. He also claims that a shift towards economic order policy is necessary if we really wish to resolve crucial socioeconomic issues. Pysz's effort is followed by Anna Grabska's and Michał Moszyński's empirical analysis of economic transition in Poland and East Germany, respectively (ch. 11 & 12) as seen through the lenses of spontaneous and constituted economic orders. It appears that even though a great progress has been done in Poland, there is still much to be desired, whereas in East Germany, where the transition was imposed and monitored by authorities of West Germany, the transformation of formal institutions seems to be complete in contrary to informal ones. It is much easier to introduce a finite constituted order than to change norms and values of spontaneous one. A similar attempt of assessing Polish transition and creation of economic order is taken up by Kazimierz Meredyk (ch. 10) as well.

In another chapter Maciej Miszewski (ch. 7) investigates parallels between ordoliberalism and neoinstitutionalism. What these currents interestingly have in common is a focus on human beings and their actions instead of quantified outcomes. They also show striking similarities in the methodology of research as well as in the utilized concept of rationality. And finally Elżbieta Mączyńska (ch. 8) elaborates on the concept of ordoliberal order in our times of systemic and institutional disorder. Breaking promises of politicians, government, and economic actors is one important symptom of this disease. She claims that attempts of bringing back the order are a great opportunity for ordoliberalism, which is a proven and holistic concept. Growing disorder is a threat to democracy, trust, and long-term economic development. Mączyńska also points to an extremely important distinction between ordoliberalism and neoliberalism – those two should never be confused.

In the third part of the book two chapters authored by Józefa Famielec (ch. 13) and Bogusław Fiedor (ch. 14) are devoted to seeking relations between ordoliberal concepts and the idea of sustainable growth. These two have one very important thing in common – a commitment to social and individual responsibility, which has unfortunately been attributed a secondary meaning in modern socioeconomic

policies. Moreover, prospective and effective environmental policies should not be improvised, but they must rely on a carefully designed and stable institutional order. In the following chapter Justyna Bokajło (ch. 15) argues that economic and social troubles, which we have been lately witnessing, are not just alienated, one-off events. They are rather a product of cultural, civilizational, and mental changes of previous decades. In this context the conclusions drawn by the philosophical branch of ordoliberal thought (represented by A. Rüstow, W. Röpke, and A. Müller-Armack) are today surprisingly up-to-date.

Probably the most controversial, though still attention-grabbing, reasoning is brought by Witold Kwaśnicki (ch. 16), who maintains that we should be quite skeptic about government's role in modern societies. Its achievements are disputable, while its failures clearly visible. Thus, we should consider relying more on a spontaneous order than on one constituted by a state. The book closes with a chapter by Henryk Wnorowski (ch. 17) who examines relations between politics, entrepreneurship, and economic order.

To summarize, in our opinion the reviewed book features many highlights with significant insights into economic theory, history, and methodology. The broad perspective employed by editors has proved successful as contributors specializing in various fields of research managed to provide diversified points of view and inspiring thoughts at the same time. Specifically the attempt to combine spontaneous and constituted order may serve as an encouraging starting point for further research and become a new tool for the analysis of economic order. All chapters are well-written and easy to follow with their reasoning being logical and often thought-provoking. This is an important and informative publication that deserves wide popularization.

Even though we admit that the book is a worthwhile read, we feel obliged to point to some downsides of the volume. It is necessary to notice that not all contributions hold the same level of quality, especially in terms of academic argumentation and novelty exploration. Moreover not all chapters follow the very thread of ordoliberal thought or economic order. They are obviously valuable studies themselves, but are sometimes very loosely connected with the main theme of the book. More attention is thus advised when compiling similar volume. It is also a pity that merely three chapters are committed to an analysis of factual economic order issues and challenges. A reader may find in the tome plenty of theorizing, but a limited attempt to analyze experiences, creation or evolution of real-world economic orders. One could also try to rethink the setup of sections and chapters. Chapters 7 and 15 seem to better match the first section, whereas the 4th chapter fits nicely in the 3rd section.

Obviously, the above slight and disputable shortcomings do not deprive the book of its merits and important insights. The effort undertaken by the editors to better understand, conceptualize, and apply ordoliberal ideas remains ambitious and very promising. It has also been carried out aptly and carefully. We do hope that this effort shall be continued in future publications. We strongly recommend the reviewed book to scholars of social sciences, policy and decision makers, academic teachers and students.