OPEN EYES BOOK

OPEN EYES ECONOMY SUMMIT   KRAKOW   NOVEMBER 15-16, 2016

OPEN

EYES

BOOK

EDWIN BENDYK
JERZY BUZEK
JERZY HAUSNER
MICHAŁ KUDŁACZ
ADAM DANIEL ROTFELD
MATEUSZ ZMYŚLONY

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The Open Eyes Economy Summit
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WORD

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The need to revise a number of established economic beliefs and business practices appears to be as obvious as it is difficult. We have come up with the Open Eyes Economy Summit (OEES) not just to talk about them, but first of all, to contribute to such a revision. This publication and the texts contained in it are intended to serve this purpose. They offer not only different perspectives than those prevailing so far, but also ways out of the crisis situation.

The texts address the main themes of the programme of the Congress: 1) the Firm-Idea as a new approach to value in business, 2) Brand-Culture as a new understanding of marketing, and 3) the City-Idea as a new way of dealing with urban development. They focus on specific areas that we believe at this moment to be crucial for thinking about the necessary changes in the functioning of the market economy. What they have in common is a deep conviction that we have lost our way, because we have abandoned all references to values and the axiological-normative order in our reflections, focusing instead mainly on business, on transactions, and on operational efficiency. If we do not bridge this gap by engaging in an open and responsible discourse, we will continue to stray, chaotically trying everything in the hope that eventually we will find a way out of the current dramatic situation. Even though we have numerous opportunities to act, we get lost, putting aside the question of normativity. We cannot decide which of the possible solutions to adopt, and which to reject for fundamental reasons. We cast about opportunistically trying to salvage whatever we can instead of making deliberate, strategic choices.

The papers included in this volume have been prepared especially for the OEES, with the exception of Professor Jerzy Buzek's address. Their content reflects a number of pre-Congress discussions, seminars, and conferences. We do not wish to restrict ourselves to hosting a single event; we want to inspire an intellectual movement which is as broad as possible.

The previous debates were held here in Krakow – a city famous for its capacity to reconcile tradition with modernity. Its great legacy is rooted in its openness, and it still needs this quality in order not only to protect this heritage, but also to transform and enrich it. If the Open Eyes Economy is to develop robustly, we must go beyond our city wherever people want to open their eyes to seek new approaches and solutions.

We want to encourage the representatives of very different professional and social groups to join in this movement, otherwise will be impossible to accomplish the necessary change. These intentions are reflected in the rich and varied Congress programme, in the diversity of experiences, and in the interests of the guest speakers.

We intend the Open Eyes Economy Summit to be a summit meeting, a proper summit to be climbed in order to look around and find the right paths leading us to development. Such a summit cannot be reached without a well-organised effort, without successive base camps. Every year, we want to continue climbing in a larger group, to organise discussions in different places – in Poland and abroad – mobilising those who are dissatisfied with the current state of the economy and economics.

Subsequent volumes of the *Open Eyes Book* will document our intellectual mountain climbing expeditions.

Jerzy Hausner
Chairman of the Programme Council
Open Eyes Economy Summit
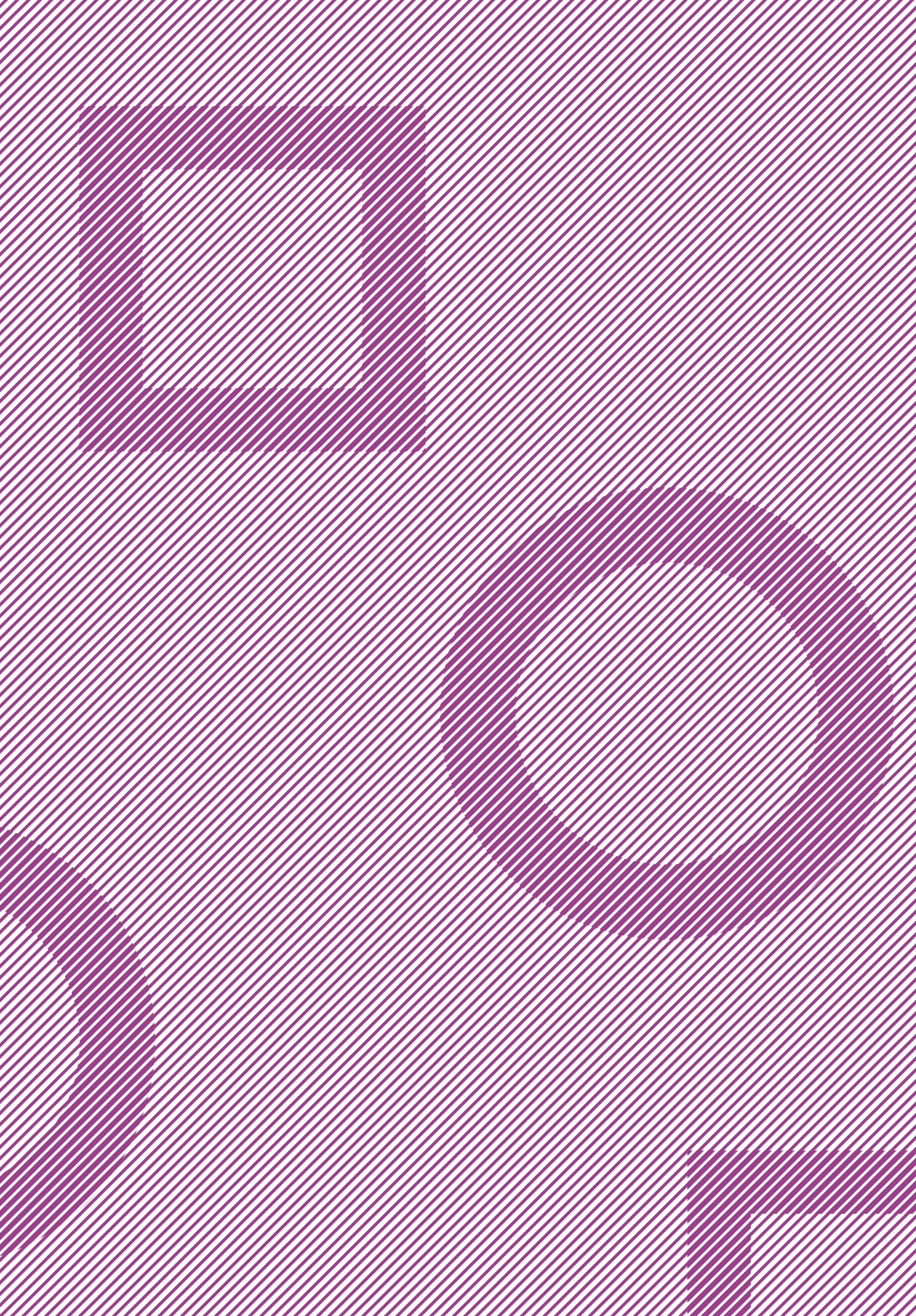
Mateusz **ZMYŚLONY**

INTRODUCTION: BRAND AS CULTURE – CULTURE AS BRAND

What generates culture?

Advertising, PR, marketing undoubtedly generate culture – as do theatres, cine-mas, the media, museums, as well as city streets, the internet and... politics.

Advertising messages – which constitute a version of culture – invade our minds via all possible channels. They shape our tastes, generate trends, tempt, but often hurt and mislead. Culture can be either high or low. The message may be vulgar, but it can be made elegant – yet it still remains a message that contributes to the shaping of culture. Culture comprises not only art galleries and concert halls. Nowadays, culture is everywhere – as street art in the streets, as design in clothing and furniture shops, as culinary culture – on our tables and in the deli.

Brands ceased to be badges, boxes and/or packages. They even ceased to be specific products or services, since the latter can be copied and imitated with ever-increasing ease.

Genuine Brands are becoming messages based on values under our (open) eyes. The philosophy of Open Eyes Economy embraces social values, the so-called intangible assets, or non-material values.

Added values or key values?

So far, such values were often referred to as ADDED values. Design, social com-mitment of a brand, and its environmental responsibility were 'added' to the functional features of a product or service.

Today, the genuine, the most valuable brands must face a crisis of public trust in businesses and institutions. In order to regain – or win – that trust, and then to retain it, firms and institutions must build anew their market mission and simultaneously their social mission.

The credibility of such a mission requires that the hitherto 'added' values should become the target of existence of a particular Firm and a former Brand. We call such a firm – a Firm-Idea and its brand – a Brand–Culture. Such a Firm – with such a Brand – operates totally differently in the social and the public space (i.e. in our City-Idea). It seeks to creatively co-develop it and become in-volved in it, much in the same way as Allegro installs bicycle racks, Lech builds

microparks, and Nivea invests in outdoor urban gyms. In Open Eyes Economy, such activities are obvious, and the question to be asked is: What are the appropriate proportions? If a firm's social commitment is substantial, we are dealing with a Firm-Idea. If the impact of its commitment to society is substantial, we are dealing with Brand-Culture.

Hence, the Firm-Idea puts social values, such as social utility, sensitivity, and commitment above all else. From its very foundations, it wants to be ecological and managed in accordance with the principles of sustainable development. Its brand entails a deliberate generation of CULTURE, which is not only an interesting and true story that reaches the public. To generate CULTURE also means to consciously shape the world of the Firm and the Brand among its employees, consumers, business partners, and the media. Naturally, the most reasonable areas of operation of such a Firm and such a Brand are logically associated with its field of competence. Thus, if you manufacture running shoes, you should build your reputation among the fans of this activity. Hence, if Adidas and Nike invest in the popularisation of a healthy and active lifestyle, promote mass running events or Nordic walking – that is good. But it is still better if we engage in these sports using shoes manufactured in a

Source: Adidas press release.

responsible and thoughtful manner, such as Adidas x Parley, made entirely from recycled materials and associated with the struggle to rid the oceans of plastic waste. These shoes embody not only a pure idea, but also a good design and responsibility. Certainly, such initiatives are bound to become something important when they find their way into mass distribution … but Rome was not built in a day.

If you make clothes, help your customer to dress from head to toe ethically and ecologically, not just fashionably. Although fashion also represents culture, it often lacks moral foundations and thus becomes merely an aesthetic culture, which is simply shallow. Endowing brands with cultural foundations is the future not only of marketing or marketing communication, rather, it represents the evolution towards social communication based on truth, knowledge, and authority instead of manipulation, which is unfortunately still common nowadays.

Profit > Trust or Trust > Profit?

The Firm-Idea exists, because it is needed by people and it has a mission to accomplish. Naturally, in a sense, it also exists in order to generate a PROFIT. Without it, it would be impossible to develop and implement its mission. But in the near future, it will make a profit when (and only when) it wins the trust of its customers. Such trust should result from its sincere intentions and a genuine, not fake engagement in what really is important for people whose purchasing decisions to a greater and greater extent depend on 'how it is made,' not on 'what it is.'

Brand-Culture offers a simple way to achieve the Lovebrand (Lovemark) status that businesses dream about. In order for such a brand to meet the demands of today's increasingly inquisitive, conscious, and effectively communicating society, it must be based on truth and ethics. It must also creatively and continuously explore, develop in order to keep pace with the needs of its community. Or even anticipate such needs, to predict and consciously shape the future. In fact, the process of generating brand culture is a classic process of co-creation of value by the Firm-Idea and the community

of its fans. These 'Awakened Consumers' – conscious, inquisitive people who expect and demand specific values – constitute a completely new generation of buyers.

Today, it replaces the previous generations of consumers – those who consume completely thoughtlessly (taking into account only the price criterion), the intermediate group (who respond to simple stimuli such as the desire to identify themselves with a particular social, thematic or aesthetic group, who are willing to pay a bit more for their 'membership' in a particular flock or a social group), or even those who have already become more closely involved with their favourite brand (by participating in more challenging competitions, loyalty clubs, and, above all, in advanced relations, such as brand ambassadorship). This latter generation, often called the prosumer generation, is most closely related to the 'Awakened Consumer.' Our Awakened Consumer refuses to be called the 'target.' The new consumer does not intend to fall victim to manipulation, is inquisitive, capable of forming motivated communities already capable of effectively resisting even the largest corporations if they continue to act unfairly or cynically. On the contrary, the Awakened Consumer is capable of bestowing trust, loyalty, and commitment on a firm and brand based on genuine values that s/he deems to be important.

In fact, this relationship comes down to a simple decision – to buy or not to buy. But now, such a decision is taken in a completely different manner. More and more people simply do not wish to pay money to an unfair company. More and more people are capable of resisting it and cannot be forced to do it.

Certainly, the relationship between the participants in such a game will always rely on finding a kind of equilibrium, but such an equilibrium has become possible only now. In the world of Open Eyes Economy, enormous importance is attached to the flows of culture that without democracy, the freedom of speech and the free market or tools such as the internet, would not take place on a scale that would equalise the positions of both sides. Plainly speaking, in the 20th century, corporations were too strong, and the business world did not lend itself to easy verification. Today, 'eye opening' is common and inexpensive. In a sense, it forces firms to be more honest, and brands to work harder to improve themselves in order to build genuine authority, to gain genuine trust.

Any brand based on valuable ideas and honestly run truly generates CUL-TURE. Brand = Culture, hence willy-nilly it always produces a sort of culture by appearing in social communication and on shop shelves.

Question: What kind of culture is that?

Is it societally and environmentally harmful, insincere, shallow, unsightly, unhealthy, set for a quick profit? Or maybe thought-out, needed, healthy, ethical and aesthetically pleasing, useful and aspiring to be valuable? Or just valuable?

A Lovebrand or a Wisebrand?

The concept of Lovebrand (Lovemark) has, in fact, also become anachronistic. What do we love Lovebrands for? Usually, for the emotions that they can evoke. Whether or not these emotions are backed up by quality, integrity, ethics, social commitment, ecological respect for the environment, is, in practice, a matter of secondary importance.

The old Lovebrands often cheat on taxes, do not care too much about their supply chain in which they usually are the key player, neither do they monitor such processes as recycling.

A Wisebrand, i.e. a really smart one, builds a love for itself on a solid foundation. If it succeeds, such a love will be sincere and resist the passage of time. Love? Let us not fear the word, today, people also love items and services.

Are advertising, marketing, PR, and CSR history?

As part of Open Eyes Economy, we announce the twilight of a certain era, the end of cunning business practices as well as self-serving and disingenuous communication. Not very credible (not trustworthy?) in terms of social awareness. A slow twilight of an era of greed, which so far could not be held accountable, tracked down, or denounced.

In the era of Culture-generating Brands, the Firm-Idea cannot simply afford to act unethically, in a manner inconsistent with the expectations of its clients, for it will be punished and replaced by those competitors who suggest a better culture to the same customers.

Advertising, PR, CSR, and marketing are concepts that in a certain sense have already been societally discredited, just as the Western world has seen the discrediting of 'public confidence in the big banks.'

This is not meant to negate the import of these terms. Advertising, like DE-SIGN, can be beautiful, useful, and can be honest without any trouble, but only if it is backed up by an honest firm. Thus, advertising in the world of Open Eyes simply constitutes another form of art. In our view, it evolves towards the art of communication.

Marketing will continue to exist, but it should blossom on new soil. CSR (corporate social responsibility) has now acquired its true sense – only within the Open Eyes Economy does it start to be really important. Simply because it is the most important. Whether the old concepts survive under their old names is a matter of secondary importance.

CULTURE IS THE ART OF SOCIAL COMMUNICATION

Let us imagine an advertising agency that employs an Art Director, a Copywriter, and an Account Manager. All of them hunt a TARGET GROUP to be ensnared in a database and then take advantage of it by means of unfair offers, contracts that almost cannot be terminated, fraudulent promotions, etc.).

This is the world that we know too well. We participate in it, cursing the day that we signed an agreement with a cable TV provider, whose termination resembles and ordeal. Someone persuaded us to do it, someone formulated the agreement in vague terms and had us sign it. This someone is a businessman. A marketer. A man from an advertising agency.

But when we open our eyes, we will see a different world in the same place. In this world, the same posts are occupied by artists – fine arts graduates and poets – philology graduates. None of them wants to 'hunt' anybody down, but persuade people to make thoughtful, wise, and beneficial decisions regarding 'what really is worth paying for.'

All these people say today: "Yes, I would like be honest, work in good conditions, do nice and useful things. Yes, I would be proud of the work I do." It means that we all want to co-create a properly conceived CULTURE.

Authors, artists, writers, thinkers – there are plenty of them around. They must find jobs somewhere, but not all of them can support themselves by creating works of art and culture, at least in the current sense of these words.

In Open Eyes Economy, we ask: Why not? Why not let the culture world merge with the business world? Artists and intellectuals have always made up the vanguard of change. They have inspired, asked questions, and sometimes helped formulate the answers. Art and culture create a valuable reality – a reality in which crucial social and economic processes coexist.

A humanistic approach to business, spotting contact points between designing what is commercial and useful, and what is beautiful, necessary and fair, it is entirely possible. An economy based on values, developing corporate mission on social and meaningful commitment not only sounds beautiful, but above all, makes eminent sense.

That is why people today start thousands of social firms, and they value most those corporations that really have honest intentions and care about their employees and customers. True, not everything is easy to judge or verify – electricity can be produced from wind (better) or coal (worse), but e.g. clothes are made of cotton and its sourcing process is much more difficult to trace. It is not yet known to what extent numerous certificates or declarations can be trusted. Not everything called FAIR (trade, wear) is really fair. But it should become so, and society can really make a big impact on these processes.

Either fair play or disqualification?

What counts above all are the intentions of firms – they are either fair or not. This is subject to constant social scrutiny, which is slowly becoming truly effective. Successive crises of trust (that affect such brands as BP, Volkswagen, in the clothing industry, or in banks) provide very good examples. They are instructive for both business and society. Although these crises do not translate into instant punishments (e.g. effective consumer boycott), or change (large ships slowly change their course), they have a huge impact on changing attitudes, both in the business world and in society. One should also be aware of the positive impact of public institutions, the so-called regulators. Although society usually expects

faster and more effective response on their part, undoubtedly, they are also trying to adapt to the situation. The European Union and even Europe at large, although it attracts criticism for excessive bureaucracy and the enactment of a number of controversial provisions, remains today one of the world leaders in the field of social policy, ecology, and respect for fundamental values. Democratic, developed countries initiate most changes that make up the world of Open Eyes Economy described by us. And other countries wish to develop in this direction!

I know what I possess?

What are the true intentions of firms? Another question is how to verify these intentions. But today anyone can be inquisitive enough and see what they are actually buying and from whom. This knowledge is rapidly disseminated – from 'I know what I am eating' to 'I know what I am wearing' to 'I know the circumstances in which I live and my impact on my environment.' An inquisitive consumer finds ocean caught salmon in a shop and may verify whether the supplier is not cheating, whether the supplier is really 'ECO-friendly' and socially committed.

We have already seen a culture and a community of people who care – who see further than the end of their nose and can think about the future generations, who discuss the advantages of public transport, cities meant for people, ecology as a criterion for assessing the business credibility, and sustainable development as an attempt to halt the machinery of self-destruction of our environment.

Those people come together intellectually under the umbrella of the Open Eyes Economy.

What Open Eyes really is and what it is not?

It is a difficult question. We do not want to create a new smokescreen for businesses seeking profit at all cost.

The term Open Eyes may apply to an eco-product. It may also be simply a patriotic product, one 'made here.' Open Eyes can be handmade, but can also be the final product of a great food-producing corporation. It comes down to the

issue of fairness and appropriate balance between the 'value content' and so fashionable in recent years, but often deadly 'cost optimization.' Open Eyes may well be a brand committed to sports. In the end, physical culture is certainly also a kind culture! Of course, we know the difference between the subculture of football hooligans and the cultured, cheering world of volleyball fans. The process of creating such a culture – from its absence to low culture towards higher culture – can easily be discerned by comparing the culture of football fans in Western Europe 30 years ago and nowadays.

In 2016, Open Eyes may only mean the willingness to discuss problems. When we were trying to persuade clothing companies, which struggle with the problem of unethical practices in the production of cotton and sewing, to participate in the Open Eyes Economy Summit, they responded: "We are not ready." Well, hopefully we will meet next year :-)

Clothing is a fascinating subject – it co-creates our social attitudes and personal images. It may shape opinions. It is not only aesthetic – it may be ethical, its 'idea' or 'culture' is an extremely rich world of values, on which any brand of clothing can draw.

For example, companies producing clothes for tourists communing with nature espouse a common value – respect for nature. Someone who loves hiking in the mountains or in the woods, who respects nature expects a lot from the brand chosen to be his/her companion. The fact does not need to be explained to such brands as Patagonia, Jack Wolfskin, or Timberland. Recycling, the origin of materials, and manufacturing conditions have long been key communicated themes by them, not a TABOO subject.

People love IKEA as a brand since it has become synonymous with a particular culture. In its everyday activities, the company is guided by the principles of sustainable development, taking care of people and the environment. The company continually introduces new products aimed specifically at the 'Awakened Consumer,' such as small greenhouses, and goods made with recycled and renewable materials. The processes of furniture production, packaging, and distribution are designed in a way that is as environment- and people-friendly as possible. IKEA is a conscious producer of an aesthetic culture (design, development) as well as an ambassador of Sweden's cultural heritage (culinary

culture, tradition, industrial design). Through the IKEA Foundation, the brand supports projects aimed at protecting children's rights in the poorest regions of the world, and – in cooperation with the UNHCR – is involved in helping refugees. In Poland, it runs a scholarship programme 'Na rodzinę można liczyć' (You can count on the family) supporting talented and socially committed students.

The list of similar activities is quite long. IKEA undoubtedly has its own culture. In an aesthetically pleasing way, using a visually distinctive language it communicates with all of us. It makes sure that its entire supply chain operates in an ethical and environment-friendly manner, among others thanks to IWAY – its code of conduct for suppliers. IKEA is also an egalitarian brand – if you wish, IKEA will furnish your home not only nicely, but also responsibly and inexpensively. Because all IKEA's products are based on the concept of democratic design. This is Open Eyes.

What does IKEA have in common with culture? Well, it not only employs a number of artists-designers. What is even more important is that IKEA, a commercial company, has become a massively popular community centre promoting key social values. These values reflect such attitudes as respect for the environment and human diversity espoused by the inhabitants of the Swedish Småland.

Source: IKEA press release.

Is responsibility a luxury for the rich?
PREMIUM BRANDS today and tomorrow

Nowadays, luxury brands often have nothing to do with ethics. Usually, their products are well designed and made of high-quality materials, but not necessarily in compliance with the laws of nature and man. This leads to interesting conclusions when we see and carefully scrutinise egalitarian initiatives associated with the production and popularisation of products and brands aimed at less affluent consumers – less affluent maybe, yet sensitive to ethics and responsibility. This is where the positive trend to support local businesses, food vendors, crafts, develops, in other words, alternatives to what companies and large distribution networks can offer. Examples of such initiatives include the American organisation BALLE or the Lokalny Rolnik (Local Farmer) community developing in Poland.

Such activities create (or restore) the balance between what is big and what is small, between what is local and what is global. Those 'less wealthy,' but 'sensitive to values' become mass consumers. This is exactly what we mean by macro-scale changes in the context of Open Eyes Economy. Bottom-up, local initiatives reflect a pure 'co-creation of values,' co-creation of culture – which is the essence of our idea.

In the area of egalitarian Brands=Cultures very different values matter, not necessarily only ecology, or ethics understood as honesty and respect for fundamental rights. Often, these are the values associated with locality or properly-understood patriotism. 'Made in my country' is a good value, provided that is remains separate from the intentions of nationalists or those that promote intolerance.

Premium brands should certainly be scrutinised very carefully, pressure needs to be put on them to make sure that they respect social values. The separation of these brands from social reality constitutes an important aspect of social stratification not only in the field of material differences, but also with respect to the oligarchisation of life, sometimes even contempt or indifference of elites towards issues important to mankind in general.

To be certain, a proportion of the premium brands already understand this, hence the tendency to fight for animal rights, boycott the use of fur in the

clothing industry, to ban ivory trade, etc. Interestingly, the emerging premium brands are often, in principle, built on social values (cf. e.g. the LUSH brand described later in the text).

CULTURE=BRAND

Valuable and professional art quickly gains brand features. The name of an acclaimed artist acquires the qualities of a Lovebrand, and prices of branded works quickly go up, as do the products sold under prestigious labels. Although similarities should not lead us astray, there are too many analogies to be ignored.

Today, art is a precious commodity, it is more and more appreciated as good investment, as one of the main generators of culture. As always, it is an observer of social life, a commentator of reality, an inspiration for other forms of social communication. Today, more than ever before, art is created at grassroots level and common. Culture and pop culture merge and enter into continuous dialogue. Street-art thrives and its leading representative – Banksy – it is also one of the most admired and desired 'brand-name artists' despite his anonymity. Contemporary art is often built on a critical dialogue with the lifestyle based primarily on consumption. It represents a point of convergence of Open Eyes Economy's trends and values. Therefore, among others, the products of an important worldwide brand LEGO became the material for the famous work *Concentration camp* by Zbigniew Libera. Obviously, such projects are not usually undertaken as an initiative of the brand itself. But it certainly proves that BRAND=CULTURE and CULTURE=BRAND. The case of LEGO is worth elaborating upon. On the one hand, there is an independent initiative of an artist, on the other hand, there is a socially sensitive firm, which shapes the sensitivity of subsequent generations on a large scale. As long as LEGO cares for educational standards, e.g. by giving up lifelike military motives, it will remain on the Firm-Idea's course. It is worth observing changes that occur in the company, both symbolic ones, such as the launch of the first-ever figure of a disabled person, and those implemented on the macro scale, i.e. research on the implementation of biodegradable components.

Source: ESKADRA company materials.

The distinctive interface between culture and business was identified in the 1960s by Andy Warhol, who contributed to the development of pop art and blurred the existing boundary between BRAND and CULTURE. Coca-Cola and Campbell's had already been contributing to contemporary art, which shows that all the originators of significant meanings that make up the broadly conceived, lively social communication field are co-creators of culture.

The juxtaposition of BRAND=CULTURE with the other perspective CULTURE=BRAND leads us through POP-CULTURE and subsequent decades of development of these relationships directly to the present. In the times of the internet revolution, the opportunity to co-create culture was granted… to everyone. The growing popularity of blogs, memes, and social media broke the previous monopoly of major media companies, corporations conducting global advertising campaigns as well as the classically conceived thus far 'high-culture generators' such as theatres, concert halls, or community centres. Likewise, the mouthpieces of mass culture, such as cinemas, TVs, and film producers are now operating in a completely different reality than a decade ago.

Culture = development!

Let us look from a distance at what CULTURE is becoming today, before our very eyes. It is a common good, available on an unprecedented scale, more than ever independent, but also uncontrollable. It develops in a manner reminiscent of natural evolutionary processes. On the one hand, the digital revolution offers us instant culture – anytime, anywhere, and in any form. On the other hand, the boundaries between 'high' and 'low' cultures lose their definition, the fields of exploitation of comprehensively understood culture become ever broader. From the perspective of Open Eyes Economy, culture subsumes a number of phenomena that POSITIVELY influence the development of the civil, democratic, and responsible society. CULTURE perceived in this way offers a response to the crisis of ideas that afflicts free market economies. It is also an alternative to the culture of anger present in world politics and culminating in such phenomena as BREXIT, widespread radicalisation of views or a retreat to the old, archaic, yet tried and tested 'cultures of values.'

The emergence of a positive CULTURE that we describe is, of course, a subjective assumption. For this reason, we will not launch a discussion about what is NOT culture from the perspective of the Firm-Idea (i.e. from the business point of view), or the City-Idea (i.e. from the point of view of society, public space).

The aim of this presentation is to raise our awareness of how broad and, in a sense, how immense an OCEAN is the concept of culture today. The considerations presented so far suggest that BRAND becomes CULTURE when it starts to intentionally and positively affect the valuable aspects of social development. Gibberish? Then we need examples.

Influencing reality

Let us look at the impact of the global brand Disney (below considered together with Pixar) on the development of humankind. As a generator of culture today, it is unquestionably an international medium, which – if it so wishes – may shape the attitudes of people around the world. By releasing a film like *Wall•E* (2008), Disney had a huge impact on people's awareness of ecological issues and hence also those related to the destruction of our natural environ-

ment. In our view, *Wall•E* promoted responsible attitudes in this field perhaps even more effectively than a thousand of initiatives undertaken by schools, universities, and non-governmental organisations. What matters is the strength of the message and its actual reach.

Other films, let us call them 'productions with a mission' made available to the whole world by Disney, have had similar effects. *Inside Out* (2015) is a great example of edutainment in the field of psychology, specifically, how young people mature psychologically, while *Finding Dory* (2016) is a fantastic and ambitious tale of disability and empathy.

Such films are made for children and young people, they are received enthusiastically, and their distribution is unmatched in terms of effectively reaching hundreds of millions of people. The educational and cultural role of their producer and distributor justifies our supposition that the Walt Disney Company may become a Firm-Idea with its brands having enormous potential as generators of culture. If the company continues to develop in this direction, we shall obtain the expected result of the equation BRAND=CULTURE and CUL-

Source: ESKADRA company materials.

TURE=BRAND. The idea is to co-create a high-level, valuable, and committed culture. On the one hand, we have a brand and the other hand there is culture, or a couple: a businessperson and an artist. There is no doubt that the works of film art mentioned above have been created by genuine artists.

Simply put, a good CULTURE is a BRAND-based culture, while a good BRAND generates a valuable CULTURE. We do not need these considerations during a classical music concert. Why? If you have not seen *Wall•E*, do it.

A poor brand will generate a shallow and worthless culture, often detrimental to social development. It will continue to be a kind a culture or, as a malicious individual might say, will simply stand for a lack of culture.

The brand of the Firm-Idea is ambitious. It looks for its individual development path amongst the needs of its recipients, not necessarily pandering to their lowest instincts. The equation BRAND=CULTURE is based on VALUES.

I know what I am wearing?

The brands owned by the clothing company LPP took a step in the right direction when it communicated to the world its cooperation with the Otwarte Klatki (Open Cages) Association by withdrawing natural furs from all its stores and by joining the campaign Stores free of fur. When we realize that LPP = such brands as Reserved, Mohito, Cropp, House, Tallinder, Sinsay, and its chain includes more than 1,600 outlets in 18 countries, we may easily conclude that the company may have a real (positive) impact on the development of ethical business practices and on social attitudes based on values.

Similar examples can be found in every line of business and walk of life. Clothing companies can (must?) address the problems associated with the cultivation and processing of cotton (they have a huge negative impact on the environment). Excessive water consumption and pollution of the environment are amongst its adverse effects, the darker side of the coin, whose brighter side includes jobs for millions of people and inexpensive, good quality clothing worn worldwide today. Another area where the battle for Open Eyes Economy is fought, concerns the need to improve the working conditions of people employed in sewing rooms, among others in Bangladesh, Vietnam, and Pakistan.

Today, increasing wages and taking care of standards in the industry constitutes a huge challenge that is difficult to meet in the reality of the so-called supply chains. Yet ethics and ecology are certainly the future of all the textile industry companies. Those who achieve the best, reliable results in these areas will eventually gain the most.

Why? Well, in the world of socially aware culture, the more and more widespread and fashionable 'I know what I'm eating' is followed by the equally valuable 'I know what I'm wearing.'

I know what I'm eating?

Since we have already mentioned that we know what we are eating, let us 'visit' the food industry for a moment. The Open Eyes Economy includes valuable firms and brands operating in the sector. The firms that pay attention not only to shelf life, but above all to the ethical and environmental issues related to the unique nature of their business. Therefore brands such as Kurka Wolna (Free-range Chicken), which promotes mass purchases of eggs laid by free-range chickens, is doing a good job, heading towards the status of former Lovebrands, and in our view, aiming even higher, at BRAND=CULTURE.

A skeptic will call the 'I know what I'm eating' trend a niche for rich snobs. An enthusiast will say that this fashion is a positive, important, valuable, lasting and that it is becoming CULTURE. That is the way things work in the world of Open Eyes Economy, which is a world both for optimists and enthusiasts and an intellectual ecosystem friendly to skeptics and inquisitive critics. Extensive knowledge of ethics and ecology as related to standards of animal husbandry and plant cultivation or social education in the field of nutrition and a healthy lifestyle offer examples of a culture that is becoming increasingly common. On the one hand, its membership includes small, local communities, businesses, and organisations promoting local producers; on the other hand, there are big food companies, which 'have fed the world' just as the apparel companies 'have dressed the world.' We live in an age in which people produce more food than they need. From this perspective, by solving problems of supply, storage, and distribution, we can finally take care of raising the standards... even higher.

The growing demands of consumers (we call them 'awakened consumers') have already forced the retail chains to create special healthy food zones with more and more suppliers involved. And although much discussion is still ahead of us concerning the quality of the products and how healthy they actually are, the trend is strong, clear, and lasting. It will be getting better. Since there are shelves full of healthy food, why and how long shelves full of… UNHEALTHY food are going to last?! It is known that the other kind is simply less healthy, and incidentally less expensive. Replacing the 'less healthy' food (after all, mass-produced food is not pure poison) with its 'healthier' counterpart (which is not always of impeccable quality) must take some time. What is important is that the process has already started, is happening before our very eyes and without a doubt – despite the immense challenges facing the food and distribution industries – is absolutely feasible. In a few years we will be eating better food. Want to bet?

Let us remind the pessimists about mercury thermometers (once commonplace), the risks associated with mercury poisoning and note that we have gradually managed to effectively eliminate them from the market. Some will sigh with nostalgia that they were good thermometers. Good, but dangerous ones, just as CFCs in refrigeration systems, whose elimination from the market led to a rapid diminishment of the ozone hole. Thus, even difficult and global changes are possible, while keeping our eyes open to problems really helps to put them into practice.

As regards both branded clothing and branded food, the Open Eyes Economy assumes that their manufacturers will gradually adjust their operations so as to appear in the former 'premium' sector as 'Culture-generating brands.' In order for it to happen, they will have to undergo verification procedures and prove that their products are organic, ethical, and really valuable. At the same time, such products will become more and more affordable and accessible thanks to the efforts of both large corporations and local social, and economic initiatives.

Equilibrium

In the philosophy of the Open Eyes Economy, there is a place for both small, often radical organisations, which usually herald major change, and for major

players, such as global corporations, provided they are actually committed to the world of values as we define it.

McDonald's sells fast food, but, at the same time, it introduces into social communication the knowledge about nutrition, implements numerous social responsibility programmes, and introduces waste segregation (as the first company in its sector on such a scale).

Accordingly, we can answer the question whether McDonald's is bad or good: 'It can be good.' Just as any other big company can be good as long as it is willing to change its course of action.

Unquestionably, the discussion about the right proportions that will enable such companies as Unilever, Nestle, Coca-Cola or McDonald's to be regarded as 'good' ones is only just beginning. We believe that the way to obtain the status of a reliable Firm-Idea, and thus constitute a reliable Brand=Culture is long and hard. It is clear-cut, but just differs depending on the industry. There is a lot of evidence to support the view that no problems are impossible to solve. Likewise, adequate resources are available – here we are talking about the participants in the market game that certainly do not lack money. The issue of 'changing course' therefore remains a matter of will. At this point it is worth asking the following question: What kind of stimulus will effectively affect the big companies? Will they by themselves appreciate the social need outlined by us, or will they react with a delay, as if forced to do so? The first response is more appropriate since it generates lower costs, at the same time increasing the likelihood of success, which is the achievement of a permanent Firm-Idea status with Brand-Culture embedded in a new-generation society, i.e. the City-Idea.

The strategies of large companies usually constitute reactions to the changes first heralded by smaller, more flexible enterprises. It is enough to take a look at how these very small companies respond to changes in the needs of the 'awakened consumers.' There are numerous small, socially committed firms and brands on the market. Almost every so-called 'social firm' wants, or simply is a Firm-Idea and, so to speak, automatically becomes a Brand-Culture. The process of initiating valuable changes inevitably leads to the emergence of larger structures based on the values important to people. As a result, it influences

the largest companies. That is why in a dozen years or so we will be buying fully certified clothes produced in a completely ecological and ethical way. Today, it is almost impossible to do in Poland.

The same will be the case with numerous other services and commodities, such as cars or electronic equipment (who takes seriously their recycling these days)? Twenty years ago, nobody cared about recycling refrigerators or cookers, whereas today, the purchasing standards of new equipment provide that they are picked up and fed into certified recycling systems.

The world is slowly moving in that very direction. Most aluminium in global circulation comes from recycling (which hardly anyone is aware of). We can positively influence the management of renewable raw materials such as wood. We have made a tremendous progress in managing the consumption and recycling of paper. The same is the case in a number of other areas. The conclusions that follow from Vaclav Smil's book *Making the Modern World: Materials and Dematerialization* (2013) offers some ground for optimism in this area.

Now, since we have mentioned wood… Poland is home to some of the world's largest furniture manufacturers. The current debate on methods of forest management is epitomised in the protests against the felling of trees in the Białowieża Forest and in its buffer zone. Today, Poland's voice represents the largest brands of the industry led by the already mentioned IKEA. IKEA sets very high standards since its entire policy originates from the philosophy of sustainable development. It is worth noting that IKEA does not manufacture products for the elite, instead, it is egalitarian, universal, and apart from ecology, promotes, among others, good taste and simple solutions. As such, it comes close to a certain ideal that we define by the equation BRAND=CULTURE. In the Open Eyes Economy, our joint idea is to show that in such companies as IKEA, even today (or soon) being fully responsible will not involve any difficulties. Ultimately, the idea is that the Awakened Consumer should have the opportunity to do 'ethical, organic, healthy, affordable, and truly responsible shopping.'

Responsibly looking after oneself

Let us now turn to the cosmetic industry. It is sometimes accused of wicked practices, including tests on animals, and as such is not readily associated with the ecological and ethical world of values. It comes closer to the glitz of luxury clothing or jewellery brands. But the Open Eyes era also began in this area.

LUSH, a new-generation cosmetic brand, instead of gradually changing the conditions in which its products were manufactured, instead of adjusting their composition, simply began by building healthy foundations. All its cosmetics are handmade and 100% based on natural ingredients. All products are signed by people responsible for their production. The firm's YouTube clip shows how cosmetics are made and with what ingredients – it is not only ethical and eco-logical, but also modern and colourful, and the products are of the highest quality.

It is worth asking about the business side of the project. It is excellent, LUSH cosmetics sell well, and the group of faithful followers of the brand continues to grow, despite the relatively high prices.

Responsibility

This is our way. I know what I'm eating. I know what I'm wearing. I know where I live. I know how and using what I look after my body. In a moment, we will be able to say: I know what I'm driving, I know what I'm using, I know the way I live my life. Open Eyes means a responsibility not only for oneself and one's immediate environment, but a responsibility for the whole of our world, for the future generations, an uncompromising awareness that great change also occurs in small steps.

The Open Eyes Economy is the co-creation of culture by a society that is aware of its environment and positively cooperates with fair and socially com-mitted firms.

Companies will not transform into Firms-Ideas without the participation of socially committed drivers of change, just as phenomena such as Brand-Cul-ture will not emerge without the participation of artists and creators of culture.

That is why we discuss matters of interest with business people and people involved in cultural matters.

The concept of Open Eyes Economy is part of the debate about what next. We believe that one needs to consciously determine the direction of development of our civilisation, based not only on specific priorities, but also on specific examples.

It just so happens that all the good examples combine the features that make up the juxtaposition contained in the title Brand=Culture and Culture=Brand.

The Brand of Culture

Let us ask the question, what constitutes e.g. Italian culture? Now, it comprises not only literature, history or classically understood art, but also design and culinary culture. Together they constitute the Italian national brand. Of course, one may long argue which of these elements has the greatest impact on society or the global perception of the brand.

The same applies to the German, French, Japanese, and American BRANDS=CULTURES – they are very different, but are built on sets of converging intangible assets.

What is, then, Poland's BRAND-CULTURE today? To the Poles themselves and to the outside world? Undoubtedly, it is something very young, still immature, but is certainly looking for its place on the world value map. The dynamically developing Polish design is gradually gaining access to world's markets, not only as part of international brands. Winning a string of awards and investing in culture, brands such as VOX furniture company begin to compete outside the domestic market. Polish yachts are in a class of their own, Polish windows, present on the European markets for years, are on the offensive, competing not only on prices, but also on quality and their aesthetic qualities. Polish food has a great chance to succeed on the international market. Will we take proper advantage of it?

Open Eyes Economy shows how to make good use of such opportunities. Although the discussion about the value economy is fundamentally international, to a certain extent, we set it in the Polish context. A good theoretical

model must work in practice. Therefore, we apply the concept of Firm-Idea to specific companies and initiatives. We discuss the City-Idea with Krakow, which on the one hand, is considered to be Poland's showpiece in the world, and on the other hand, it struggles with such problems as revitalisation, air pollution, urban disorder, and traffic jams.

From this perspective, we can see that the discussion about an economy based on intangible assets makes unique sense in Poland. We are situated somewhere between the world of the rich countries of the West – troubled by crises of ideas and seeking new ways of development, and the world of developing countries – less desperate, but not yet fully ready to make sense of the idea of sustainable development. This world talks openly about stratifications, differences in wealth, concentration of capital, unjust distribution of wealth, impending environmental disasters as well as social and economic crises.

And it is just as well that so much is said about it, and so loudly. We hope that even more is said even more loudly at the Open Eyes Economy Summit. Such a discussion in itself contributes to the co-creation of valuable culture.

The world is a closed circuit

If supply chains are the problem, let us talk about closed circuits and a proper process audit. If something bad happens in remote locations, let us not close our eyes. If FAIR TRADE certificates and the like are not reliable enough, let us expect more from them, scrutinise them, ask difficult questions, e.g. in the social media or at economic congresses. If we want to buy better things, let us not buy inferior ones. Let us expect manufacturers to observe ethical and aesthetical standards. If we care about the environment, let us not associate with those who do not. Let us be energy efficient, healthier and wiser.

In this way, together we all co-create Culture as a Brand.

OPEN EYES
IN PRACTICE

MCDONALD'S IN THE WORLD OF OPEN EYES

The franchise introduced mandatory segregation of waste in its restaurants (!), and then took another step in the right direction. Now one can pay there with cash, credit cards or... collected cans.

I KNOW WHAT I WEAR

Fashion companies are also gradually joining the Open Eyes thinking. Free of fur brands have made a step in the right direction. The next steps include using responsibly sourced cotton, improving the working conditions and paying more to people employed in garment factories mainly in Asian countries.

Source: www.creativity-online.com.

Source: LPP press release.

EN ROUTE TO THE CITY-IDEA: CHORZOW GIVES NEW MOMENTUM TO COMMON SPACES

EN ROUTE TO THE CITY-IDEA: A TURN AWAY FROM CARS

The Open Eyes Economy redefines the functionality of city squares and streets. Revitalisation restores space to children, pedestrians, people who like to be active in their free time or just want to spend their leisure time together with others in a friendly public space.

Big cities are investing in collective transportation systems, bicycle and pedestrian paths. Trams enjoy a renaissance of popularity as a means of transportation which is not only convenient, but primarily ecological. Electricity-powered buses made by the Polish company SOLARIS, one of the world market leaders, are the pride of our industry and constitute an example of the Open Eyes approach. Walking is healthy for the people who spend most of their lives sitting behind desks or driving cars. Bicycles are in vogue, and their popularity has already transformed the nature of numerous cities. This is the right direction to take!

Source: SLAS Architects press release.

Source: www.um.warszawa.pl.

EN ROUTE TO THE CITY-IDEA: THE STRUGGLE FOR URBAN GREENERY

FOODSHARING

Soon Krakow will boast its largest city park with a total area of 50 hectares. Activists have fought a long battle for the Zakrzówek Reservoir and successfully defended it against the plans of property developers. The city authorities assented to the appeals of residents, purchased the area in question and organised a competition for the design of the park and its surrounding space. Another move in line with the philosophy of Open Eyes Economy was the decision to admit several concepts into the final round, in which city residents will vote for the most attractive one. The growing popularity of MICROPARKS and WOONERFS (home zones) also significantly contributes to the City-Idea.

The idea of avoiding food wastage popular in a number of places worldwide has reached Poland as well. Foodsharing Warsaw started in 2016, permitting unused food to be redistributed in several locations across the capital. The residents of another city soon will be able to join in this opportunity as Foodsharing Krakow is taking its first steps. Up to 35% of Poles throw away uneaten, past best-by date or excess food.

Source: OFFTEORIA Aldona Kret.

Source: www.facebook.com/FoodsharingWarszawa.

CLEANING-UP THE OCEANS

If we do not take care of the forests, waters and air, no one will do it for us. In the world of the Open Eyes Economy, we support such initiatives as the Ocean Cleanup (started by a very young Dutchman Boyan Slat). The involvement in it of large companies, whose capacity to act is much larger than that of local initiatives, inspires a great hope. A good example in this context are x Parley – sports shoes made by Adidas entirely of plastic retrieved from the oceans. Will we live to see the day when such shoes are worn in every home?

THE CITY-IDEA AS A PLACE FOR PEOPLE

The recovery of urban space for people and nature is a fundamental value to the sustainable development of large cities. The city is the most difficult common space, which today acts as a focus for all the key problems facing us in the Open Eyes Economy. The revitalisation of this space includes small, local initiatives, which will convert today's unfriendly cities into Cities-Ideas, full of greenery and spaces conducive to activity, culture, and recreation. For example in Wroclaw, NO STUDIO designers restored forgotten concrete stairs by the riverside to the community.

Source: The Ocean Cleanup press release.

Source: NO STUDIO press release.

THE 'YELLOW ELEPHANT' KINDERGARTEN. FORTE
(SELF-ASSEMBLY FURNITURE MANUFACTURER)

FOOD SHOULD NOT BE WASTED

The corporate kindergarten with nursery branch is a facility for the company's employees. Since it is located in the workplace, it makes it easier for parents to reconcile work with family life. It is a much-needed, model and aesthetically pleasing initiative. The modern design of the Yellow Elephant is matched by the curriculum, e.g. classes are conducted in Polish and in English.
The kindergarten building is admired not only by those who use it, but also by the public opinion.

Each day, every restaurant and canteen throws away uneaten food. People simply often order more than they need.
This is the beginning of a cause-and-effect chain whose end result is waste – on a global scale – millions of tons of food. Tata Consultancy Services via its own, local initiative, helps us realise how we can help solve global problems by acting in our own backyard. Valuable action = priceless reflection.

Source: FORTE FURNITURE, press release.

Source: www.dnaindia.com.

LEROY MERLIN OR WELCOME WITH PETS

May 2016 heat wave. Leroy Merlin stores in Poland in a show of empathy invite their customers with their dogs to the air-conditioned interiors. The Open Eyes Approach = creating a brand culture that is open to the needs of people and animals.

POLA OR 'MADE IN MY COUNTRY'

POLA is a mobile app. In Poland, it belongs to the most frequently downloaded smartphone apps that enables informed purchasing decisions. If buyers wish to support local businesses, POLA will help them. Bar codes of individual products can be scanned, and the algorithm awards their manufacturers a range of 0 to 100 points. The first 35 points reflect the share of Polish capital in a particular company. A company registered in Poland receives a further 10 points, and another 30 if it manufactures its products here. A still further 15 points depend on whether or not it has its research and development operations in Poland. Finally, the last 10 points are awarded to companies that are not subsidiaries of foreign corporations.

Source: www.wolontariuszkischroniskolegnica.blogspot.com.

Source: www.play.google.com.

BRAND=CULTURE.
BASIC POINTS
PAWEŁ POTOROCZYN

1. BRAND = IDENTITY, EMOTIONS, A SET OF VALUES
CULTURE = IDENTITY, EMOTIONS, A SET OF VALUES
BRAND IS CULTURE

2. THE ECONOMY IS PART OF CULTURE

CULTURE-FORMING COMPETENCIES AND CULTURE-ABSORPTION CAPACITY DETERMINE THE CAPACITY TO COOPERATE AND TO INITIATE LARGE, INNOVATIVE PROJECTS

SOCIAL RESPONSIBILITY, CAPACITY FOR KNOWLEDGE MANAGEMENT, AND NETWORKING DETERMINE THE NUMBER OF COMPETITIVE ADVANTAGES

THE EXTENT OF IDENTIFICATION WITH FIRM OF BRAND VALUES DETERMINE MARKET SUCCESS

INTELLECTUAL CAPITAL DETERMINES PROGRESS

CULTURE DETERMINES THE ECONOMY

3. WITHOUT CULTURE, IT IS POSSIBLE TO HAVE GROWTH, BUT NOT DEVELOPMENT

4. WITHOUT CULTURE, WE WOULD NOT KNOW WHY WE NEED DEVELOPMENT OR HOW MUCH DEVELOPMENT WE ACTUALLY NEED

5. WITHOUT CULTURE, THAT IS, WITHOUT BRANDS, ONE FALLS IN THE MIDDLE-INCOME TRAP. CULTURE (BRAND) MANIFESTS ITSELF AS THE PROFIT MARGIN – MORE CULTURE MEANS HIGHER MARGIN MEANS HIGHER INCOME

6. THERE IS NOTHING 'SOFT' ABOUT BRANDS. BRANDS – IDENTITY, EMOTION, A SET OF VALUES – ARE AS 'HARD' AS INFRASTRUCTURE

7. THE POINT OF THE COMPETITIVE GAME IS NOT A PRODUCT OR SERVICE. COMPETITION INVOLVES RELATIONSHIPS (WITH IDENTITIES, EMOTIONS, AND VALUES)

8. IF BRANDS CHANGE PEOPLE'S PERCEPTIONS, AND PERCEPTIONS CHANGE THE ECONOMY, THEN BRANDS CHANGE THE ECONOMY

9. IF CULTURE CHANGES PEOPLE AND PEOPLE CHANGE THE WORLD, CULTURE CHANGES THE WORLD

10. THOSE WHO THOUGHT THAT CULTURE IN A BRAND IS TOO EXPENSIVE, CAN NOW SEE THE COST OF THE LACK OF IT. AND THEY ARE DISAPPEARING... OR SOON WILL BE. BYE, BYE!
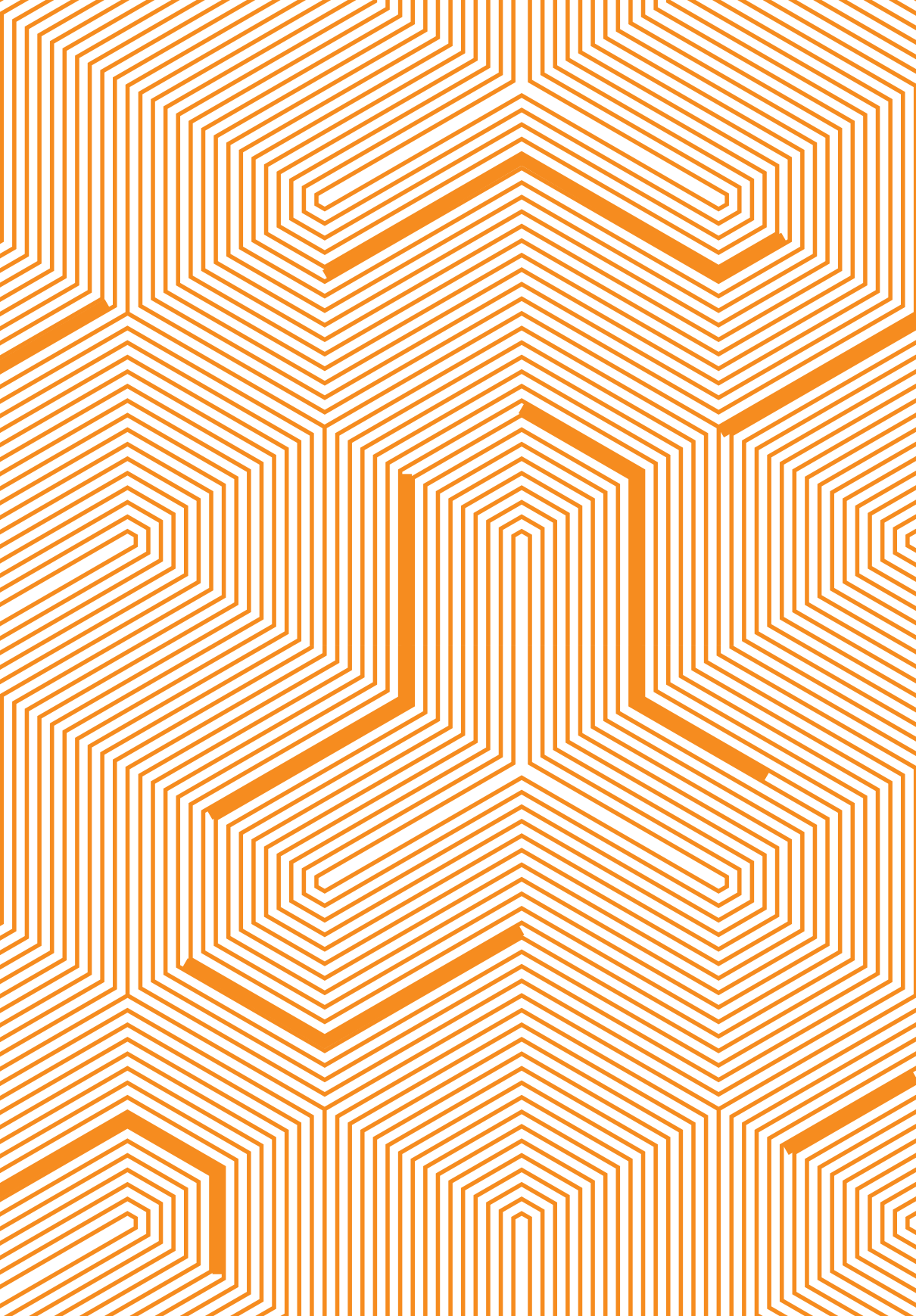
Adam Daniel **Rotfeld**

THE INTERNATIONAL ORDER: VALUES VS. INTERESTS AND POTENTIALS
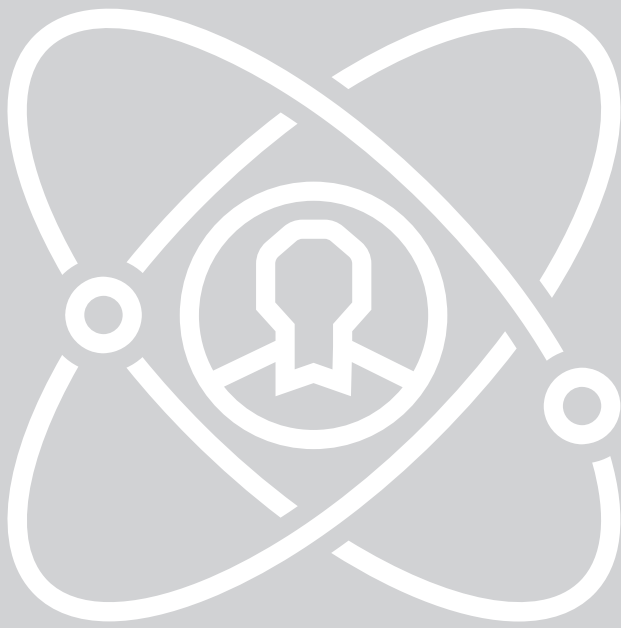
Preliminary remarks

The international order – as shaped by the decisions taken after the Second World War (at Yalta and Potsdam) and agreed upon during the historical process of further development in Europe (the Council of Europe, the European Union, the Helsinki Declaration of the CSCE Final Act) – is undergoing serious erosion and decay before our very eyes. The foundations and main pillars of the international order based on respect for universal values are being undermined. Unlike in the past, when the international order was mainly determined by the correlation of forces and balance of power, the new world order following the end of the Cold War was supposed to have been based on respecting both the balance of interests and powers, and the system of universal values and principles. This did not happen, hence the dispute about fundamental principles and, at the same time, the source of conflicts at present and in the future.

One of the primary causes of the rising threat, which is accompanied by a sense of uncertainty, ambiguity, instability, and unpredictability, is the challenge to those values which should include respect for democratic constitutions based on political pluralism, the rule of law, the market economy, freedom of speech, respect for rights and liberties, human rights in all spheres of activity, tolerance, openness, and shared responsibility.

Sixty years ago Karl Deutsch defined the main constituents of a *pluralistic security community*. These are: the sovereignty and independence of states; the compatibility of the basic values defended by common institutions, and a mutual willingness to cooperate, respect for identity and loyalty; and the integration of countries to such a degree that it leads in practice to 'dependable expectations of peaceful change' (Deutsch et al. 1957, p. 5). To this set of elements, we can also add informational and communication links which bind the political security community together (Rotfeld 1996, pp. 1–14).

In any considerations concerning the fundamental importance of universal values, it is appropriate to raise the four principles which Pope Francis presented in his reflections on contemporary social life. These are the primacy of time over space; of reality over ideas; of peace over conflict; and of

the whole over the part.[1] The adoption of such an interpretative perspective much better explains the complexity of today's problems, in which time and change play a much more important role, than the simplified recourse to so-called geopolitics and attempts to restore the *status quo ante* by the use of force.

Meanwhile, the debate about the international system of the future usually focuses on the search for an ideal balance of states' interests and potentials. In general, this applies to the economy, technology and military aspects of security. In any assessment of the position and role of the major powers, an important role is also played by factors of a demographic and territorial nature, as well as raw materials at their disposal (more on this subject in Kissinger 2014, Buhler 2014, Buzan & Little 2011).

Rarely referred to in this context are the values which guide countries in the implementation of their respective national strategies. However, it is principles and values that play a key role today in both bilateral and multilateral relations. In the past, European countries in their international treaties used to draw directly on the Christian system of values, and these have been formulated by popes and prominent thinkers associated with the Church in individual countries.[2]

Values vs law

In the contemporary international system, values are defined in the fundamental instruments of international law as agreed within the framework of the United Nations, as well as regional organisations such as the Council of Europe and

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[1] Apostolic exhortation of Pope Francis, 'Evangelii gaudium,' published in Poland by WAM.

[2] An example of references to principles and values is the often stated position of Paweł Włodkowic (Paulus Vladimiri) – a priest and also an outstanding Polish scholar, rector of the Jagiellonian University – at the Council of Constance (between November 11, 1417 and April 22, 1418) in the defence of Polish interests in the dispute with the Teutonic Knights. 'Tractatus de Ordine Cruciferorum et de bello Polonorum contra dicto fratres' (1416). See also the work of Ludwik Ehrlich: 'Paweł Włodkowic i Stanisław ze Skarbimierza' [Paweł Włodkowic and Stanisław of Skarbimierz] (1950) and 'Polski wykład prawa wojny XV wieku' [Polish 15th century war law lecture], published by Wydawnictwo Prawnicze (1955). The Treaty on the third partition of Poland between Russia and Prussia, signed in St. Petersburg on 13/24 October 1795, starts with the invocation: 'In the name of the Holy and Undivided Trinity', which is something of a blasphemy. Text in (Gelberg 1954, p. 14).

the Organisation for Security and Cooperation in Europe.[3] In the preamble to the Maastricht Treaty on the European Union (February 7, 1992) the member states confirmed their commitment to "the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law" (The Treaty on the European Union, pp. 379–381). This document also expressed their willingness to deepen "the solidarity between their peoples while respecting their histories, cultures and traditions" (ibid.). They referred to the principle of subsidiarity. Among the principles that the members of the Union determined to put into practice, the signatories to the Treaty listed "ensuring the security of its peoples through the establishment of an area of freedom, security and justice (...)" (ibid., p. 381). In the Treaty, the member states adopted the commitment that decisions will be taken "with the greatest possible respect for the principle of openness, and as close as possible to the citizens themselves" (ibid., p. 387). Relations between states and peoples were to be shaped in a way that was consistent and unified.

These principles and other values referenced in the EU Treaty have a long history in international relations; in Europe their roots reach back both to the Renaissance and the Enlightenment. The new element which the Union brought to the international order is that the ethical, moral and political dimension of the principles and values upon which the Union is founded has gained the character of an international legal obligation. This applies, in particular, to the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law. Mandatory respect for the national identity of the member states also has the status of a legal obligation (Art. 6 of the Treaty, p. 391).

Procedures have also been stipulated for situations where it has been established that common values are not being respected and the rules adopted are being violated. This is worth recalling because no nation or people is immune to the phenomena of extreme nationalism, xenophobia, populism, which in the second decade of the 21st century have once again become one of the

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[3] The Charter of the United Nations and Statute of the International Court of Justice. UN Publications Edition 2015. The English text of the CSCE Final Act is published in the collection edited by Arie Bloed (Bloed 1993, pp. 141-218). Polish translation of the CSCE Final Act is attached as an Annex to the monograph by Adam D. Rotfeld: 'Europejski system bezpieczeństwa in statu nascendi' [The European security system in statu nascendi] (Rotfeld 1990, pp. 203-214).

main manifestations of the disease lying at the root of the two World Wars of the 20th century. Combating and preventing populism and xenophobia have been acknowledged in the European Union not only as moral and political obligations, but have also gained the status of applicable laws (as in Articles 2 and 7 of the Treaty on the European Union and the Charter of Fundamental Rights). EU legislation defines the space in which respect for human dignity, human rights, freedom, democracy, equality, and respect for the standards of the rule of law all apply. There is no doubt that these commitments arose from the memory of totalitarian regimes (fascist in Italy and Spain, the Nazi regime in Germany, and that of Stalin in Soviet Russia), which were based on lawlessness, fear, terror, and the violation of human dignity.

The European Union has, in fact, created not only the legal but also the material conditions for effectively eliminating the possibility of the outbreak of war between the member states and preventing armed conflicts between the countries of the Union. There is quite a common view that the Union primarily provided form and structure for economic integration. The economic sphere, in fact, has been covered by the Coal and Steel Community, the Common Market, the European Economic Community, and finally, to a great extent, by the European Union as such. As a result, in the opinion of many EU nationals, the importance and effectiveness of this institution is determined by financial and economic affairs. In fact, however, a completely unique place occupied by the EU in the history of Europe was decided not so much and not only by financial and economic matters, but by the fact that for the first time in the history of the continent, a union was created, a union of countries which committed themselves to respecting common values.

The strengths of the Union lie not so much in its treaties, standards, procedures or mechanisms, but in the fact that all the instruments of this institution focus on effectively implementing the obligations that apply to the citizens of the EU member states. The individual, and respect for the individual's rights and security, are at the heart of EU law (Barcz 2012, pp. 329–380). This means that it is the duty of the Union and its member states to respect human dignity, equality and solidarity. For the first time in history, the countries of Europe have created an area of freedom and security, they guarantee justice for individuals, and they pledge to defend those values.

The rule of law vs the individual

The human being has become a subject, and not an object. This is a new resolution – not only based on politics and morality, but also on law. The security of the individual has gained a level of importance which poses a challenge to the current position of the state, which had hitherto been the only legal subject in international law. The individual has gained the right to influence the course of European affairs. At the same time, the security of the state, which had been paramount in legal culture, has increasingly come into conflict with respect for the rights of the human being – with the rights of the citizens to have their privacy, dignity, and freedom respected.

This view was best confirmed by the shock and indignation with which Europe received Edward Snowden's disclosure – regardless of his motives – that the American security services had been tapping nationals of other states, including the leaders of friendly countries, in a systemic and institutionalised fashion. After all, these activities blatantly contradicted the law, since they violated the sense of the individuals' dignity and their right to privacy, which in Europe can be limited only in exceptional, justified cases, at the request of the public prosecutor's office and with the consent of the courts. Certainly, there is no case where foreign services can behave in this way on the territory of other states without the consent and cooperation of the constitutional authorities of those countries whose citizens are suspected of terrorist or criminal activities. Such actions have never been authorised by any powers. Such unlawful practices cannot be tolerated today, because – as one analyst perceptively put it, "this new, subjective role of the individual in international politics is the most important factor in the transformation of international relations and their traditional paradigms. The tension between the individual and the state is probably the most important process undermining the existing international system." (Świtalski 2013, p. 10)

The problem is actually broader than that. It concerns the tension between the people and the state on the one hand, and between the community and society (including the international community) on the other (see also Hassner 2002, p. 39).

The right to information

Modern technologies have caused the state to permanently lose its control over the flow of information. It happened at a time when the world entered an era of information revolution, which today includes not just the sphere of services, but has become a productive force and is governed by its own laws in cyberspace, on which the states have less and less impact. In a clash with the new reality, we in democratic states must deal with questions without re-course to ready-made answers from the past. The questions are: How – without limiting the freedoms of the individual and his right to live in a state which re-spects values such as dignity, freedom, equality, justice and solidarity – can we effectively stave off the new risks and threats faced by the modern world? New dilemmas arise in politics: How can we respect the subjectivity of individuals without prejudicing collective security? How, in the new reality, can we effec-tively combat organised crime and terrorism at the national and international levels, while respecting the human being and his new role in the international community? These matters have been at the centre of public debate in demo-cratic countries for years now.[4]

Things are different in non-democratic states. The governments of these countries take various measures to control the circulation of information, both within the territories under their sovereignty, as well as the cross-border flow of information. This is an area where the free world is confronted with the outdated image that whoever controls the circulation of information can in fact decide what their subjects think. Such was the situation in ancient Egypt as described by Bolesław Prus in his novel *The Pharaoh*. With a great insight, Prus outlined the mechanisms of power and the Pharaoh's dependence on the priests who controlled access to information. So it was also in the 20th century, when two totalitarian systems – Nazism in Germany and in Europe occupied by the Third Reich, and Stalinism in Russia and also this part of the world, which was under the Soviet domination – considered information (on a par with state terror and the criminally repressive regime) to be the main

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4   In this context, it is worth recalling the international conference organised in Warsaw with the participation of prominent intellectuals from around the world. The proceedings were published in 'Globalisation, Power and Democracy (Plattner & Smolar 2000).

tool for the enslavement of peoples. A rudimentary trace of this kind of 'information policy' – a kind of fossil of the criminal past on a global scale – is to be found in the North Korean regime. But it does not mean that freedom of access to information is universal in the rest of the world, nor that it does not encounter any limitations.

The right to truth and freedom

Part of this selective approach to information is 'historical policy', as this term is characteristically understood. In a simplified version, this policy would lead to the silencing of any heinous acts which would not bring glory to any nation; and to the display of only those acts from the past which were glorious and testify to the greatness of the nation. In fact, teaching 'fame and glory' in this way does not aid the formation of a sense of civic responsibility and respect for the truth, or of fundamental principles and values.

None of the Russian leaders, either before or after the dissolution of the Soviet Union, summoned up the energy and civil courage to explain to their own people what Vasily Grossman had already written in 1960 in his novel *Life and fate*. He had the courage to reveal, bluntly and without reservations, the nature of the two totalitarian regimes: Nazi and Stalinist. Grossman wrote: "The first half of the twentieth century (…) will go down in history as the time when – in accordance with philosophies of race and society – whole sections of the European population were exterminated. Understandably, the present day remains discretely silent about this." (Grossman 2006, p. 215). The Russian writer then posed the question: "Does human nature undergo a true change in the cauldron of totalitarian violence? Does man lose his innate yearning for freedom? The fates of both man and the totalitarian State depend on the answer to this question? If human nature does change, then the eternal and world-wide triumph of the dictatorial State is assured; if his yearning for freedom remains constant, then the totalitarian State is doomed." (ibid., p. 217).

Grossman's words were prophetic. The quest for dignity and the freedom of the individual did indeed become the root cause of the fall of both murderous totalitarian regimes.

The right to respect for one's identity

In the 1990s, analysts generally correctly believed that under the conditions of accelerating globalisation, universal global standards would become necessary for the international system to continue functioning. The weakness of that reasoning, however, was that they perceived the solutions as lying primarily in the regulations between states, and did not perceive that the main problems of the modern world and their potential conflicts are generated within states, and not between them.[5]

In Central and Eastern Europe, the spotlight has fallen on issues related to forming a new political identity for those nations that gained independence and recovered their sovereignty. In their search for their own ways of development, for freedom of choice in the ways they organise political, economic and social development and guarantee their internal and external security, they have encountered and are still encountering various obstacles and difficulties. This is the result of both external interventions (as evidenced e.g. by Russia's attitude towards Ukraine), as well as many internal factors (the lack of tradition of their own statehood and the political culture related to that, as well as entrenched patterns of social behaviour which Thorstein Veblen referred to as *trained incapacity*).

As a result, the exit of the Central and Eastern European nations from totalitarian regimes has been accompanied by a rise in the areas of the former Soviet Union and the former Socialist Federal Republic of Yugoslavia of a new category of dysfunctional states, whose constitutional bases are now a kind of hybrid. Some of these states have declared themselves to be democracies, usually just for show, while in practice their governments are based on oligarchic, clan, and sometimes (especially in Central Asia) tribal structures, as well as obscure ties between various interest groups and the special services.

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[5] I first drew attention to this fact in my essay 'The fundamental change and the new security agenda' (Rotfeld 1992, pp. 1-8). At the time I noted that the boundary between what determines internal and what external threats had become blurred. A year later, I wrote that the weakness of the emerging new international system results from the fact that "the international system and the means available to international security organisations have been tailored to resolving conflicts between states, not within them." (Rotfeld 1993, p. 2; more on this topic Rotfeld 2013; see also Rotfeld 2014, pp. 31-54).

On both the regional and global scale, it is often the case that the boundary between that which is external and that which 'by its nature' falls within the remit of the internal is blurred, and thus may not formally be the subject of intervention by the United Nations or any other member states.[6] The range of matters which belong to the discretionary power of the state has shrunk significantly over the last 25 years. Matters which in the past had 'by their nature' been considered as internal and outside of the external control and jurisdiction are today subject to a number of international regulations, on a universal scale by the United Nations, and on a regional scale in Europe within the framework of the political and legal commitments adopted in Euro-Atlantic structures such as the European Union, the Council of Europe, and the OSCE.

One of the important effects of the dissolution of the bipolar system was not – contrary to the fairly common assumptions – the emergence of a new 'multi-polar' (read: the division of the world into 'spheres of influence'), or 'unipolar' system (read: the global hegemony of one superpower, for example the USA).[7] This does not mean that various powers have not made, or are not making, attempts to establish such a system, which would impose a *de facto*, or even a *de jure* status of dependence upon the weaker states.

For example, in accordance with the Final Act of the CSCE Helsinki (August 1, 1975), the signatory states have the right "to belong or not to belong to international organisations, to be or not to be a party to bilateral or multilateral treaties including the right to be or not to be a party to treaties of alliance; they also have the right to neutrality."[8] However, some powers have considered that this is merely a declaratory standard form of expression, and in practice they

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[6] Cf. article 2, paragraph 7, of the Charter of the United Nations.

[7] This is the take heedlessly repeated by many authors. In passing, it should be noted that the concept of 'polarity', as acquired from the physical sciences, implies by its nature that there may be only two poles: plus and minus. Polish literature is dominated by the descriptive-analytical approach. An illustration of this research method is an otherwise valuable collection of work published under the auspices of ISP PAN, entitled System euroatlantycki i bezpieczeństwo międzynarodowe w multipolarnym świecie. Miejsce i rola Polski w euroatlantyckim systemie bezpieczeństwa [The Euro-Atlantic System and international security in a multipolar world. The place and role of Poland in the Euro-Atlantic security system] (Fiszer 2013).

[8] Quoted from the documentation annex in the monograph by Adam D. Rotfeld (Rotfeld 1990, p. 205).

are guided by the political philosophy that the world has been and will remain divided into spheres of influence.[9]

One illustration of this kind of thinking is an essay published in the Russian journal *Политический класс [The Political Class]*, whose author 'recommended' that Russia's strategists should adopt a long-term policy of Finlandisation with regard to Poland (Sołozobow 2009, pp. 42–43). The author wrote: "For Russia the maximum programme is the Finlandisation of all Europe, but it is necessary to start by reorganising the space of the Great Limitrophe." (ibid., pp. 43–44).[10] He suggested that, as an analogy to the model of the association of Norway and Iceland to the European Union, Russia should propose a similar initiative to Poland and other Central and Eastern European countries, for example, under the name 'the Slavic dimension'. The Russian zone of influence would, in this sense, cover not only "Finland and Poland, but also Kazakhstan, Turkey, Iran, and unconditionally Ukraine" (ibid., p. 44). The implementation of such a project would be a stage in the strategic concept to transform the whole of Europe into a 'buffer zone' between Russia and the United States of America. Sociologists generally characterise this type of reasoning as cognitive dissonance, because it remains very loosely connected with the realities of the modern world, and, in particular, with the potential and capacity of Russia in the 21st century.

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[9] With regard to events on the Russian-Ukrainian border and the ongoing war, the view has been expressed that, for the first time in Europe since the end of World War II, there is an armed conflict with the direct participation of a global power (in this case, Russia). It has been ignored that the Soviet Union has repeatedly resorted to the use of force in Europe to maintain its sphere of influence: in Berlin (1953), Hungary (1956), Czechoslovakia (1968). In all these countries, the fight for freedom was suppressed with the use of military force. The new phenomenon in this case is that Russia has decided to incorporate Crimea and support the secession of the so-called Novorossiya region (the Donetsk and Luhansk oblasts) – despite stated commitments to international legal and political obligations (the UN Charter, the CSCE Final Act, the Paris Charter for a New Europe and the two tripartite agreements between Russia, the United States and Ukraine signed on January 15, 1994 in Moscow and December 5, 1994 in Budapest).

[10] Often used to in Russian political science, the term 'Limitrophe' (Лимитроф) refers to the border area of the Roman Empire, whose neighbors were obliged to contribute towards the Roman army stationed along the borderline. Today this concept defines in Russia's understanding a sphere of influence.

Between chaos and a new order

The search for an organising principle to consider the foundations of a new political and legal order is not limited to the trans-Atlantic region or the sub-region of Eastern Europe, but encompasses the entire world. This is due to the strategic reorientation of the United States, for which in the 21st century, South-East Asia and the Pacific, and not Europe and the Atlantic, have become the main areas posing a potential risk and an immediate danger to US national interests.

The participants of the Valdai international discussion club, organised in 2014 at the initiative of Russia, focused on the question: *The world order: new rules of the game, or a game without rules?* During the meeting, President Putin presented (October 24, 2014) a concept according to which the old security system, based on the balance of power, no longer works, while a new one has not yet been developed. This creates a kind of legal vacuum, in which Russia has a free rein and unrestricted freedom to act.[11] His speech was compared by Russian commentators to Winston Churchill's address in Fulton (Remczukow 2014).

A major challenge for the international order was posed by the awakening of the Arab world, where for many years national and international political elites considered stagnation to be equivalent to stability. The revolts which swept through Egypt and the countries of the Maghreb cleared away their political classes, but did not bring the expected economic and social solutions. Bloody fighting erupted in Libya and civil war broke out in Syria, where religious fanaticisms clashed with the interests of various groups which undermined the legitimacy of Assad's criminal misrule. The American interventions in Iraq and Afghanistan did not lead to stability or establish peace for their people who, after the withdrawal of the US forces, are now threatened with the return to government of the Taliban (Afghanistan) or the total disintegration of the country (Iraq). The removal from power of the dictators has not led to the establishment of the rule of law and democracy in any of these states, but has changed the political map around them. In the light of such developments, it cannot be ruled out that an independent Kurdistan will emerge, whose inhabitants – hitherto divided for centuries – are currently subject to the jurisdiction of different countries in the region (Syria, Turkey, Iraq and Iran).

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[11] Meeting of the Valdai International Discussion Club, http://eng.kremlin.ru; Putin said in Sochi: "Russia does not ask anyone about how to conduct its global policy."

The blind response to the wave of modernization that accompanies globalisation is fragmentation, a return to traditionalisms and a defensive attitude, which in Asia and Africa are often expressed by religious fanatics and al-Qaeda-type organisations.[12] A by-product of these conflicts and civil wars is the strengthening of international terrorism, and the displacement of waves of refugees numbering in the millions. Both of these phenomena are destabilising international governance on a global scale.

In the Western world, nationalists and racists are gaining popularity by drawing upon national selfishness and hostility to strangers, especially to the 'Other', who is distinguished by his culture, religion or skin colour.

As a result of both these phenomena, fear and insecurity are on the rise, which paves the way to power for extreme conservative and ultra-nationalist groups. These gained surprisingly broad support in elections to the European Parliament (May 2014) in the 'old' European democracies, which had had a reputation as models of tolerance and political culture (such as France, the United Kingdom and the Netherlands). They have also become a breeding ground for those political circles in Britain which opted for the UK's exit from the European Union (Brexit).

These phenomena have an effect on the system of values, and although they have local roots, they have changed the political landscape of Europe and the world in recent years, and cannot be excluded when considering the main parameters of the emerging new international order.

The new political philosophy

The foundation of the system which took shape after the end of the Cold War, on the principle of opposition to an order based on mutual deterrence, appealed to mutual liberal-democratic values – to rules and standards such as the following: a democratic constitution, the rule of law, political pluralism, market

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[12] The self-proclaimed Islamic State of Iraq and the Levant (ISIL, ISIS etc.), proclaimed by a splinter group of al-Qaida, not only declared war against the government of Iraq, but also announced that after 100 years it would write off the secret Sykes-Picot agreement in 1916 between the UK and France, on the basis of which (after the collapse of the Ottoman Empire) both colonial powers established their spheres of influence and established two states: Iraq (the British zone) and Syria (the French zone). In the 2010s ISIS, under the slogan 'Sykes-Picot Over', has created a new entity, based on the rules of the Koran, which covers part of Syria and part of Iraq.

economy, freedom of speech, respect for rights and liberties, tolerance, and respect for dignity and human rights in all spheres of its activity. It was assumed that in place of a bipolar system based on the balance of power and the philosophy of 'exclusiveness', we would see a new order based on interdependence, the harmonisation of interests and 'inclusiveness'. The determining factors were to be not so much military power and economic strength, but rather moral-ethical values and the rule of law. In other words, the new international order would be based – unlike in the bipolar period – not so much on the law of force, but rather on the force of law.

In the global strategy of the US, the concept of promoting democracy and regime change throughout the world – from dictatorial and oppressive regimes, to democratic regimes based on the standards and procedures for the rule of law – gained popularity. The document adopted during the Warsaw meeting of 108 foreign ministers, under the agenda of *Toward the community of democracies*, articulated the action plan of those states in which governments were known to respect the rules of democracy, as well as those who had declared they were moving towards the democratic form of government.[13]

However, the experience of over 15 years' operation of the institution covered by the *Community of Democracies* – a loose structure established during the founding Conference in Warsaw – gives rise to justified scepticism. This applies both to the idealistic assumptions of its initiators, and the real impact of this kind of multilateral meeting and discussion on resolving the vital issues throughout the world. After Warsaw, the discussions continued in Seoul (2002), Santiago de Chile (2005), Bamako (2007), Lisbon (2009), Krakow (2010), Vilnius (2011), Ulaanbaatar (2013) and San Salvador (2015).

Institutionalising support for the development of democracy is of particular importance. However, its essence is based not so much on verbal declarations and successive agreements as on applying certain rules and standards

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[13] The conference in Warsaw (May 2000), convened at the initiative of US Secretary of State Madeleine Albright and Polish Foreign Minister Bronislaw Geremek, was intended to document the desire to shape an international security system founded on democratic principles. Its results, in the form of the Warsaw Declaration adopted there and entitled 'Towards a Community of Democracies', were published in a special issue of the Polish magazine *Sprawy Międzynarodowe* (*International Affairs*) 2000, no. 2, and (in the original English version) in *the Polish Quarterly of International Affairs* 2000, vol. 9, no. 2 (Supplement).

in practice.[14] Among the democratic-liberal thinkers and decision-makers, the belief sometimes predominates that all that is really necessary is to draw up the agreements and normative regulations upon which the new international order can be built. But this is not the case.

New ideas and old politics

The conflicts in Afghanistan and Iraq, as well as the revolt in the Arab world, clearly demonstrate that in many regions of the world, the liberal Western values of democracy have not been accepted as the foundation of a global security system (Flockhart et al. 2014). Hence the demands, in both research and practical terms, that – while taking into account the heterogeneous nature of the modern world – the Western states belonging to the trans-Atlantic community (Europe, the United States and Canada) make the effort and, together with other countries – including the undemocratic ones – develop a normative consensus on which the new rules for the international order can be based.

Certain initiatives to that effect have been undertaken by various groups of thinkers, researchers and former politicians, such as the Aspen Ministers Forum (AMF) chaired by Madeleine Albright; the Euro-Atlantic Security Initiative (EASI), whose reports have been signed by former politicians from the United States, Russia and Germany (US Senator Sam Nunn; Igor Ivanov, a former foreign minister of the Russian Federation; and Wolfgang Ischinger a former State Secretary of the German Foreign Ministry); and finally the European Leadership Network (ELN), an institution set up at the initiative of Desmond Browne, the former Defence Secretary of the United Kingdom, with the participation of scholars and experts from EU countries, Russia, and Turkey.[15]

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[14] One of the results of the Warsaw Declaration was the convening of the UN Democratic Club, during preparations for the ministerial conference in Santiago de Chile in September 2004. Later, the Non-Governmental Process for the Community of Democracies was formed, with an International Steering Committee consisting of 21 representatives of social organisations, representing all regions of the world, with an International Secretariat in Warsaw. An International Advisory Committee was also established.

[15] Although the joint reports and demands of these groups gained a certain publicity and stimulated international debate, they did not affect the position adopted by the States. See for example the joint letter entitled 'Building a Wider Europe', whose authors were Des Browne, Igor Ivanov and Adam D. Rotfeld, published by *Gazeta Wyborcza* on November 28, 2013.

In intellectual debates, Western thinkers are slowly becoming aware that the foundations of the new global system and world order must take into account the fact that liberal democracy, its values and principles are recognised only by some developed countries, particularly by the trans-Atlantic community.

All in all, out of a total of 194 UN member states only one-third acknowledge and practice a liberal democratic way of governance. In other words, the demand to negotiate new rules and a code of conduct for states in matters of international security is entirely justified. However, it must be assumed that not all the members of such a system will be guided by the values of the liberal democratic community.

A desirable cooperative security system, of the kind that would take into account the complexity and interdependence of the modern world, should assume the necessity of uninterrupted peaceful transformation. This means, in practice, adapting to new circumstances and coming to terms with a reduction in the importance of the old powers as well as acceptance of the growing role of 'emerging powers.'

"The changeability of power itself is one of its constant features; what really changes is the rhythm of those changes," maintains the French political scientist and diplomat Pierre Buhler. "Violent ruptures with the past contrast with gradual evolution, a semblance of stability, in accordance with the classic scheme of periods of peace broken up by war, after which the peace treaties sanction the new distribution of power." (Buhler 2014, p. 494).

We are witnesses to and participants in just such a historical stage. We live in a world which does not correspond to the concepts of polarity often referenced by both politicians and researchers. We live in a world in which international governance is not managed by a single hegemon (the unipolar model). Nor is this an order whose rules recognise the right of global powers to have their own 'zones of influence' or 'zones of privileged interests' (the multipolar model). The collapse of the bipolar system has led to a situation in which a new type of order is being formed, to wit – strength and power are distributed polycentrically. Meanwhile, the rules and standards agreed upon in the past are being partly adapted to a world that has already passed irretrievably away. And although this world is gone, and its rules and standards require urgent adaptation to the new reality and other circumstances, the attempts to agree on new standards and rules are encountering resistance. Attempts are being made to

take advantage of a kind of 'vacuum' by some of the global players on the world stage. They are attempting to unilaterally impose their own rules of conduct. One illustration of such a 'new game without rules' is the attempt to subjugate Ukraine to the rules of the *russkiy mir*, or the 'Russian world.'[16]

The priority task which confronts the trans-Atlantic community of democratic states is to develop a new code and system of standards and procedures that could effectively protect the basis of their liberal democratic system. Only an international order based on the values of democracy can guarantee peace, freedom, and prosperity.

However, we cannot ignore the fact that a significant proportion of the actors on the global stage do not recognise the fundamental values of the Western world as universal. The governments of these countries refuse to respect the principles of political pluralism and the democratic legitimacy of exercised power. Nor do they fully acknowledge the rights and freedoms of the individual. They attach greater importance to the collective rights than on individual human rights, as interpreted by the Euro-Atlantic community. The polycentric system thus conceived entails the recognition that the world is heterogeneous, not homogeneous. This, in turn, means that there is a need to develop new rules arising from the political diversity of the international community in the second decade of the 21st century, and to achieve a consensus on these rules (Kupchan 2012; Kupchan 2014; Flockhart et al. 2014, pp. 3–12). This new order will, therefore, be rather functional and unevenly distributed, and will be based on a number of determinants of the power of states in the 21st century, and not merely on economic and military strength, which was the case in the past.

New rules – or a world without rules?

At a meeting of the international Valdai club, Vladimir Putin put the question: "What in fact is going on in the world? Why is it becoming ever less secure and predictable, and why are risks increasing everywhere?" (http://news.kremlin.ru).

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[16] The concept of the *russkiy mir* [русский мир] assumes that it is a spiritual community of states, for whom language, religion and traditions are crucial. Its political dimension is demonstrated by the fact that Russia, for the русский мир, is the centre of gravity. In fact, the name originally refers to Kievan Rus, not to Russia.

In reference to the theme of the conference, *The World Order: new rules of the game or a world without rules?*, the Russian President responded in a way which can be narrowed down to a few key theses:

1. Security systems – both global and regional – are weakened, fragmented, and deformed. This also applies to multilateral institutions as well as to co-operation in the political, economic, and cultural spheres.

2. The mechanism of mutual checks and balances, which was shaped as a re-sult of the Second World War and the post-war developments, helped to keep the international order under control. After the Cold War, it was neces-sary to rationally reconstruct and adapt this mechanism and the system itself to the new circumstances. However, the United States considered itself to be the winner of the Cold War, and decided that the search for a new balance of power was unnecessary. They are ultimately responsible for the way in which the global and regional security system has become dysfunctional.[17]

3. As a result of political pressure and legal nihilism, the rules and principles of international law have been weakened. They have been replaced by arbi-trary assessment and arbitrary interpretations. According to Putin, this has been accompanied by total American control over the global mass media, which deliberately distort the image of the world. The ambitions of a single superpower and its satellites are considered as representing 'the opinion of the international community as a whole,' and loyalty to the 'sole centre of influence' has become a measure of the legality and legitimisation of the regimes ruling various countries.

In short, President Putin accused the US of seeking to adapt the international system and global order to its interests and of failing to take into account the other players on the world stage (Demirjian, Birnbaum 2014). In conclusion, Vladimir Putin stated that Russia "is not asking anyone for permission in its con-duct of world affairs."

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[17] Vladimir Putin said in Sochi: "The Cold War has ended. However, peace has not been agreed in the form of clear and transparent arrangements which either respect the existing rules or develop new rules and standards." (Valdai meeting, op. cit.). In an article published in the New York Times on Sep-tember 11, 2013, the Russian President commented on President Obama's statement as follows: "And I would rather disagree with the case he made on American exceptionalism, stating that the United States' policy is 'what makes America different. It's what makes us exceptional.' It is extremely dangerous to encourage people to see themselves as exceptional, whatever the motivation."

The original interpretation of the new Russian strategy can be narrowed down to the following reasoning: since the old security system is dysfunctional and no longer applies, and a new one has yet to be agreed upon, Russia has a free rein in determining what is lawful and what is not. The US violated the rules of the game in Kosovo, Syria, Iraq, and Afghanistan, accordingly, Russia has the right to proceed against Ukraine in a similar way.

There is no need to prove that this kind of reasoning is intended to 'legitimise' lawlessness and the imposition of Russia's own solutions. Such an approach finds no understanding in the states directly bordering Russia (the Baltic countries and Poland) or in the trans-Atlantic community as a whole, i.e. in the European Union and NATO.

In America and Europe, some voices have blamed the West for the new "assertive strategy adopted by the leader of Russia" (Mearsheimer 2014). One American pundit – a representative of the so-called 'realists school' – wrote that the crisis in and around Ukraine is the responsibility of the West, and specifically "the liberal delusions that provoked Putin." This opinion was countered by competent responses by numerous researchers and experts on the subject (McFaul & Sestanovich 2014, Kornblum 2014a, p. 11, Kornblum 2014b).

This 'realistic' reasoning is a kind of *ex post* justification that the political decision to expand NATO – taken 20 years ago – is the source of the current crisis.[18] Just imagine what the security situation in Central Europe and in the entire democratic community would look like if the leaders of the Western world at that time had lacked political wisdom and acted in accordance with the recommendations of those 'realists' from Chicago or other centres of international relations theory.

In the present situation, an important role can be played by committees made up of intellectuals, thinkers and experts if they can show the politicians responsible for taking decisions that it is time to re-evaluate the old concepts and consider the new ones that will be adequate to the needs and requirements of

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[18] McFaul and Sestanovich are right when they write that this kind of Realpolitik "as a policy prescription 'can be irrational and dangerous'" (McFaul & Sestanovich 2014).

the time and the accelerated changes taking place.[19] The starting point for the effective implementation of a common strategy for building lasting peace and security in Europe is to develop a similar perception and understanding of risks among all the member states of the trans-Atlantic community.

The problems that led to the crisis in the relations between Russia and the European Union/NATO reflect the deep political, psychological, and cultural differences in understanding the importance of values in defining each side's strategic goals and the ways of achieving them. Hence any solutions should aim to confirm existing political and legal policy as well as the development of new rules in those matters and in those areas where it is necessary.[20]

The post-Cold War order was based on the assumptions that all states would respect the arrangements agreed in the international legal and political documents. This order was supposed to be founded on a community of both values and interests. However, these assumptions were inherently illusory.

The main cause of the dysfunctionality of the post-Cold War order was that certain states belonging to the system whose institutional expressions included the Council of Europe and the OSCE did not really deserve to be called law-governed states even though they retained certain forms of the rule of law. Treaties and political commitments are seen in those countries as being merely façades and verbal declarations; multilateral international institutions (including the OSCE and the Council of Europe) are perceived as instruments and mechanisms aimed at changing undemocratic regimes and establishing rules and orders favourable to the United States and their allies.

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[19] Here I refer to the above-mentioned working groups, such as the Aspen Ministers Forum, EASI (the Euro-Atlantic Security Initiative), and the European Leadership Network. Implementation the "Greater Europe" concept proposed by the ELN, where security would be based on cooperation, requires innovative thinking among the leaders of both trans-Atlantic security institutions. This concept was discussed in Warsaw (May 30, 2014) based on 'A Task Force Position Paper on Crisis Management in Europe in the Context of Events in Ukraine.' Polish text 'Szersza Europa' [A greater Europe] published in *Gazeta Wyborcza*, November 28, 2013.

[20] The Final Report and Recommendations of the Panel of Eminent Persons on European Security as a Common Project, published as 'Back to Diplomacy', Vienna, November 2015, represents sui generis protocol of dissent and divergent views. The members of the Panel were personalities from the 15 OSCE states invited by the President of Switzerland in his capacity as the OSCE Chairman in Office to draw up joint recommendations under the auspices of the OSCE. They did not manage to reach agreement on the most important matters when preparing this document; the dissenting opinions were presented in the Annexes.

Final remarks

On October 31, 1958, in his inaugural address at the University of Oxford, Isaiah Berlin recalled an opinion expressed one hundred years earlier, in which Heinrich Heine had warned the French of failing to appreciate the power of ideas: "Philosophical concepts nurtured in the stillness of a professor's study could destroy a civilization." He spoke of Kant's *Critique of pure reason* as the sword that beheaded European deism, and described the works of Rousseau as a bloodstained weapon that Robespierre used to destroy the ancient order; he predicted that the romantic faith of Fichte and Schelling would – with terrible effect, thanks to their fanatical German students – one day return to clash against the liberal culture of the West (Berlin 2000, p. 184).

Berlin wryly and ironically summed up the argument by saying that "the facts have not wholly belied this prediction; but if professors can truly wield this fatal power, may it not be that only other professors, or, at least, other thinkers (and not governments or Congressional committees) can alone disarm them?" (ibid.)

In Poland, without a doubt, Leszek Kołakowski, Bronisław Geremek and Zygmunt Bauman belong to a group of thinkers who correctly identified the nature of the threat. They also undertook the efforts to develop the concept of 'human security' in both theory and practice. In their thinking, they were far ahead of their time.

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Reflections on the question of principles and values lead us to certain conclusions:

First, values and ideologies, like moral and ethical principles, are of essential importance in politics.

Second, it seems accurate to state that the opinion and the views of the people and their beliefs are just as important as the way in which people behave and act (Gaddis 1996, pp. 147–148). Human emotions – not just their views – have a real impact on politicians' decision-making processes.

Third, we live in a time when the boundary between domestic and foreign policy has become blurred; that which is internal pervades that which is external. It is not only concepts and strategies that count, but also the ways of

governance within states. One of the reasons for the weakness of the global order is the weakness of leadership in today's world.

Fourth, foreign policy is losing importance; it ceases to be a *function* of domestic policy, but is more and more commonly becoming its instrument and tool.

Fifth, in the politics of democratic states, the values essential for human dignity and freedom are of key importance. This requires a re-evaluation of our way of thinking about foreign policy, as well as changes to our approach both to formulating objectives, and to which means may be used for achieving those objectives, in order to carry them out.

In this context, we must seek answers to the question: on what should the essence of the new international order be based?

The starting point for such new arrangements could be to adopt the following common objectives.

1. The great powers would have to renounce their right to exclusivity in determining the new order. Indeed, the new order cannot be imposed; it should be negotiated or – what is essential and more likely – formed in the process of the mutual adaptations by those states that collectively face new regional challenges and risks.[21]

2. The primary purpose and meaning of the desired international order in this period of accelerated changes are not simply to maintain the status quo and stability, but also to *change management*, as well as conditions for the effective prevention of a new Great War with the participation of the nuclear powers. In practical efforts to rule out global catastrophe, a knowledge of history is useful, but the desired new world order will not be functional if we accept the premise that it is the past – and not the present or the future – which will determine its framework and mechanisms.

3. It is not the mission of academia to formulate a political strategy. However, it can propose certain minimum 'boundary conditions' that could be used

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[21] In his monograph – 'World Order' – Henry Kissinger defines the criteria for world order: "To achieve a genuine world order, its components, while maintaining their own values, need to acquire a second culture that is global, structural, and juridical – a concept of order that transcends the perspective and ideals of any one region or nation. At this moment in history, this would be a modernization of the Westphalian system, informed by contemporary realities" (2014, p. 373). This is a realistic and conservative approach, which at the same time is an example of a constructive interpretation of political realism.

in negotiations amongst the main actors on the regional and global stage. The models proposed by scholars and thinkers are generally reasonable, consistent, logical and elegant in presentation. The problem is that the historical process is often contradictory, irrational, illogical and far from the elegant designs of the theorists. The new world order does not necessarily have to be impressive, but should be effective.

In the second decade of the 21st century, the main threats to international security are unconventional. They are born within states, not between them. The source of these threats lies in undemocratic ways of exercising authority, and in trampling on universal values. These unconventional challenges, therefore, require appropriately unconventional political strategies.

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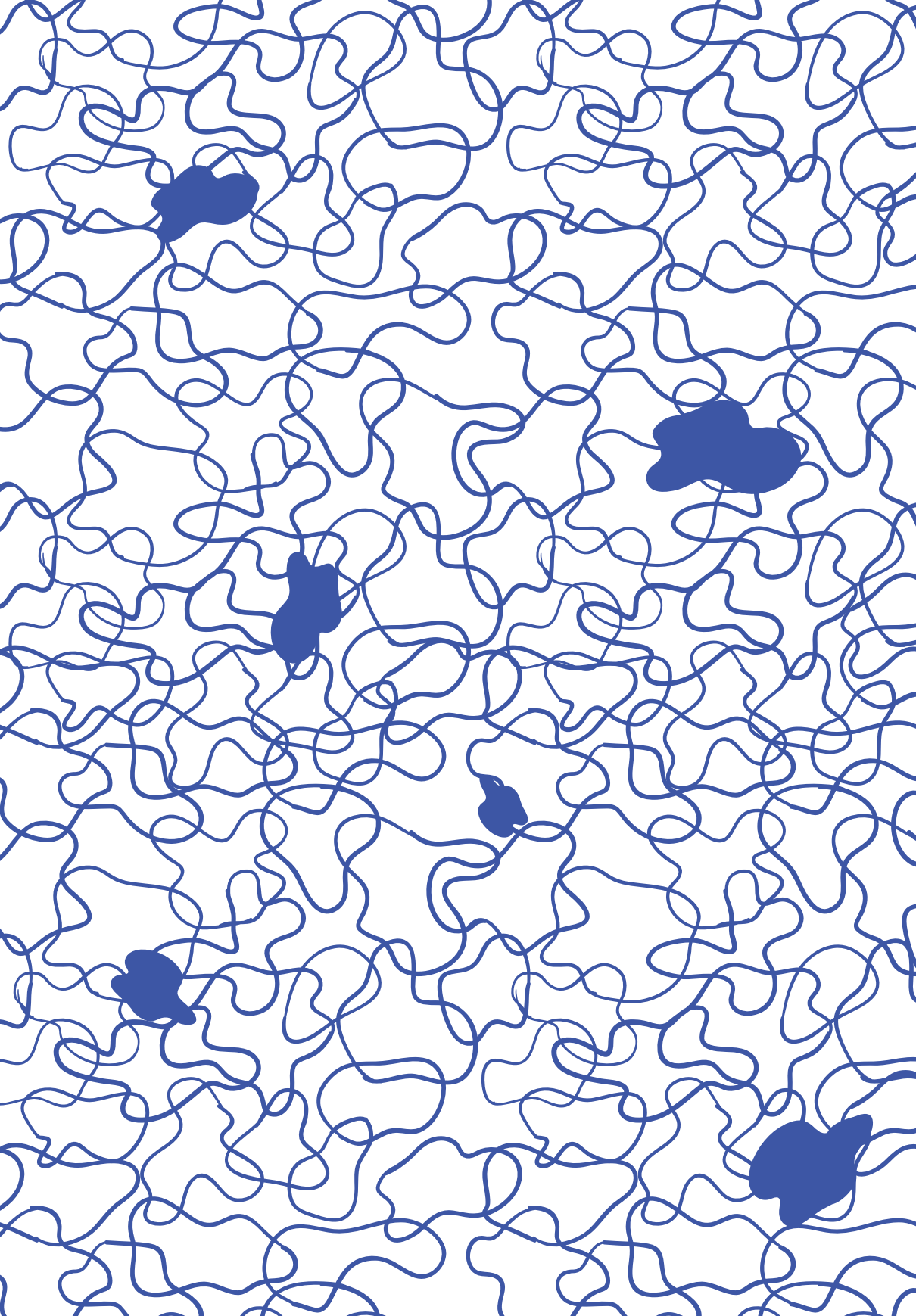
Jerzy **Buzek**

THE CIVILISATIONAL AND CULTURE-
-FORMING ROLE
OF TECHNOLOGY

Let me start by saying that the civilisation in which our world is developing today is dominated by what we have been able to achieve in the Euro-Atlantic area. These achievements are based on three pillars which support our strength and development. The first one is democracy: how to manage huge masses of citizens; the second one is the free market: a way to exchange goods, but not just that, also a way to develop and to become richer; and third, there is technical and technological progress, which, at the moment, is in a way fundamentally driving both democracy and the free market.

On these three pillars, we started to build the trend toward globalisation. But today, this three-layered construction is facing a crisis. Democracy and the rule of law have not yielded the expected results around the world. We are witnessing the spread of populism and nationalism, which have somehow proved impossible to curb. The same is true of anarchy, which we can clearly see today, at least on the Arab side of the Mediterranean. The free market opened up the world, but its *de facto* lack of control over the greed of multinational corporations has led to the ecological and social devastation of the poorest regions of the world; it generates an endless need to possess things, things that we could not even imagine needing. This is, after all, one of the key tasks of marketing: to create a demand for something that we could only produce later on; and next, to generate global demand for products which are not yet on the market. Finally, technology which is the product of our work – the work of people with a technical background, of the people gathered here in this room – is not always used in a way that is consistent with the ambitions of its inventors.

It would be a good idea to define the point at which we currently are; we – the Euro-Atlantic civilisation based on technology. I would like to discuss three perspectives: the old model, the present model, and questions for the future.

We can call the old model the humanistic model of technology. In this model, technology constituted a tool that served to improve the world, to make it more and more accessible and useful to humans. Moreover, technology was an extension of the human hand, an instrument for conquering nature, the foundation of the civilisation which – not without reason – we may call 'technological.' But it was also a part of our culture, serving man and his cultural ideals. The steam engine, railroads, the telegraph, electricity, aircraft, the development of

medicine – all of them contributed to progress, prosperity, helped fight poverty, diseases and high mortality rates. The creations of technology allowed us to save time, to conquer space, and above all, to grow and learn. Let us recall here that, according to the French philosopher Father Teilhard de Chardin, and his view of the Bible, the most important duty of man is to develop his consciousness in order to get closer to the Creator.

The collapse of the humanistic model led to the emergence of the present model, which can be regarded as disturbing. In this context, five problems are worth defining briefly, reflected upon and ultimately resolved.

First, the wars and totalitarianisms of the 20th century showed that technology can be used by man for mass extermination of entire populations. It can also destroy cultures and whole civilisations. Technology can be anti-human, anti-humanitarian and murderous. And we, the people of technology, must have the greatest awareness of this. We are responsible for this on a par with all of those who take civilisational responsibility for the development of mankind.

The second problem involves the fact that technology is no longer just a tool, but has in a way actually mastered our consciousness; it has subjected culture to itself by dominating its values, and to a certain extent, running ahead of them. This is a serious threat. Back in the 19th century, there was talk of the need to strike a balance between the technical civilisation, which was based on material values, and culture, whose domain was spiritual values. Thus, the aim is to achieve a balance, which was already stated a hundred years ago. We have not achieved this aim, and our need for technological domination has proved to be very strong – stronger than our natural, internal cultural needs. Hence this need for technological domination – not development, but domination – is something we must try to control in order to mitigate its effects.

Third, the world is characterised by unlimited exploitation of resources and by the destruction of resources available to us on our planet. It is no wonder that Pope Francis writes about this in his encyclical *Laudato si'*: "Men and women have constantly intervened in nature, but for a long time this meant being in tune with and respecting the possibilities offered by the things themselves. It was a matter of receiving what nature itself allowed (...) Now, by contrast, we are the ones to lay our hands on things, attempting to extract everything pos-

sible from them while frequently ignoring or forgetting the reality in front of us. Human beings and material objects no longer extend a friendly hand to one another; the relationship has become confrontational. This has made it easy to accept the idea of infinite or unlimited growth, which proves so attractive to economists, financiers and experts in technology. It is based on the lie that there is an infinite supply of the earth's goods, and this leads to the planet being squeezed dry beyond every limit. (…) Technology tends to absorb everything into its ironclad logic, and those who are surrounded with technology 'know full well that it moves forward in the final analysis neither for profit nor for the well-being of the human race', that 'in the most radical sense of the term power is its motive – a lordship over all.'"

The bitter words of Pope Francis on sustainable development would have been reported more broadly and more clearly in our country if they had been uttered by the Polish Pope John Paul II. For many, Pope Francis is remote; he does not seem to be speaking to us. I urge everyone to listen to his words, the more so that he represents the part of the world which has to such an extreme extent experienced exploitation by multinational corporations, to mention only the Amazon rainforest. The response to the threat posed by technology is sustainable development. And it would be good if it were not only the domain of the Green movement.

Fourth, even if we believe that the concerns of Pope Francis, the environmentalists, and the proponents of sustainable development are exaggerated, we have to admit that in our times moral reflection has also failed to keep pace with technological developments. This applies above all to medicine and its technological aspirations or capabilities associated with genetic modification, or the violation of taboos concerning life and death. We cannot, or do not want to, set boundaries for our unbridled aspirations to biologically transform plants, animals, and even our own species. This is a problem about which a great deal could be said, and which has caused many people to depart from the conviction about the human goals of technology collaborating with our culture and responding to its needs, not leading or shaping it. These are also the issues we have to face when, despite everything, we try to embed technology in the context of the values of our civilisation and culture.

And finally, the fifth and last problem. Our model is based on information technologies. Many people believe that 70, 80, or even 90% of innovations – all innovations – occur in this area. Digitisation creates new practices, new professions, new ways of communication and cooperation between people. Moreover, it produces new elites, new communities. In this model, technology not only transforms the world of humanity, but also humanity itself. It becomes part of a network, it enters the tangled web of relationships, of online content. We are constantly looking for data, we hunt for news and new contacts in the reality of the network, something which for many people, especially for the young, is no longer just a background reality, but the foreground reality. Technological tools have not only failed to adapt to the culture; they not only challenge it and all the other rules that we know, such as the principles of democracy; but they have also become culture itself.

And now, let me briefly mention the contemporary model, which for many of us seems incomprehensible, and maybe even dangerous. So, perhaps we are faced with the need to develop a new social order and redefine culture itself. Computers have ceased to be instruments that serve the automation of administrative or industrial processes, instead, they have become an essential element of almost all our daily activities and social relationships. Computers and mobile devices are not only changing our thinking about the world, our perception of it, but also our memory, creativity, and social relationships. They are no longer a tool, but to some extent, they have actually merged with us.

Those of us who still understand the world of old technology and humanism are confronted by certain fundamental questions:

- When we learn about something through the Internet, do we learn about the reality of it, or just information about it?
- Does information technology enable us to dominate the world, or does it make us dependent on our own tools for learning about it?
- Are Internet-based relationships real relationships?
- Will information technology make us happier and more creative?
- What will become of humanity in the cyber-culture environment, and what will culture itself become?

And one more fascinating question: how will we determine the limits of responsibility for the anonymous decisions that will be taken by the autonomous products of our technologies, and how will language then develop?

These questions are thought-provoking, but at the same time disturbing. I cannot answer them today. This is a task for all of us – technicians, sociologists, psychologists, futurologists, politicians – as well as for the generations to come after us. Let us just remember that technology, despite all its benefits, has its dark side: it can seduce us just as mermaids once seduced Odysseus. If he had not known how treacherous they were, he would not have managed to save his life.

In conclusion, I would like to emphasise the previous understanding of technology. There is no return to it, which is a good thing, because we have to create a new understanding. But the old rules were simple and dignified, that is why we should still try to follow them, despite the fact that today we are in a completely different world. Plato said that technology should be good for the person who does a specific thing and good for those who benefit from it. And I do not want this legacy of antiquity, which links technology with human culture and its values, to be lost. We must protect it, that is our job.

Technology is like politics: it has its value if it is useful for something, especially since one must have enormous courage both to serve, and to oppose. Because technology and politics both lose out through pride in their infallibility and self-sufficiency. The value of both lies not so much in their opportunities for unlimited expansion as in a deep understanding of their own limitations and their subservient roles.
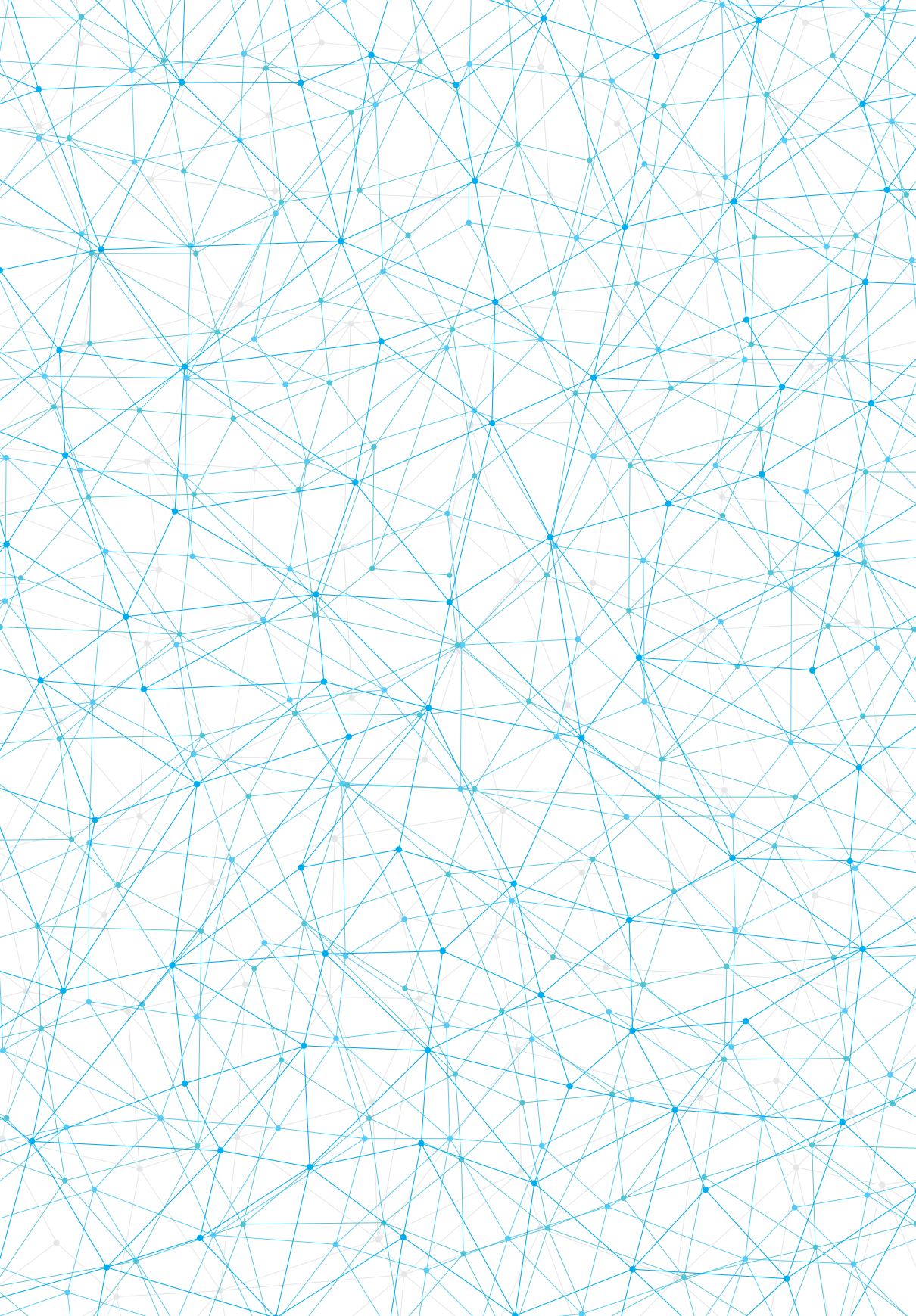
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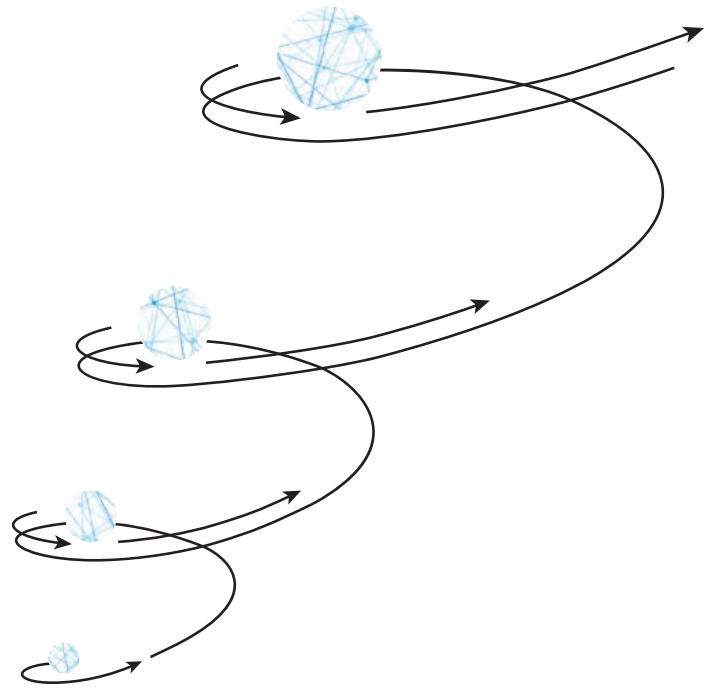
THE FUTURE OF THE MARKET ECONOMY –

from an opportunistic economic game
to a relational one

The future of capitalism

"When technology and ideology start moving apart, the only question is when will the 'big one' (the earth-quake that rocks the system) occur." This quote comes from the prophetic work by Lester Thurow published in 1996 concerning the future of capitalism. Read with the benefit of hindsight, from the perspective of 15 years of experience in the 21st century, it reveals the depth of insight and strength of intellect of the author and thinker.

The quote refers to the capitalist system perceived from the global and macro-social perspective. I think that Thurow's statement may just as well apply to firms, which is the subject of this text. In order to justify it, I shall refer to Sławomir Lachowski's description of Goldman Sachs – one of the largest financial organisations worldwide (2013, pp. 134–136).

Goldman Sachs, founded in 1869, suffered financially and reputationally in the years of the Great Depression. The rebuilding of its position is associated with the long presidency (1928–1969) of Sidney James Weinberg, a legendary figure. It was him who formulated and implemented the policies of the bank, which can be summarised as follows: (i) the interest of the customers is the most important and takes precedence over our own, (ii) integrity and honesty are essential, (iii) the pursuit of excellence and professionalism is the duty of each employee. We are therefore faced with a clear axiological-normative foundation of business activity. What happened afterwards and was revealed especially in the first decade of the 21st century shows that the identity of Goldman Sachs had radically changed. This was confirmed by Greg Smith, one of the former directors of the bank, in his article *Why I Am Leaving Goldman Sachs* published in 2012 in *The New York Times*. He wrote, among others, that "the interests of the client continue to be sidelined in the way the firm operates and thinks about making money." And further: "I attend derivatives sales meetings where not one single minute is spent asking questions about how we can help clients."

Actually Goldman Sachs never went bankrupt, but economically and morally it did. It proved to be too big to fail. Interestingly, the US administration's defence of banks against the consequences of their own actions was coordinated by Treasury Secretary Hank Paulson, former CEO of Goldman Sachs. Lachowski notes, "Thanks to that, problems were overcome and in subsequent years,

Goldman Sachs began making big money from the problems that other banks struggled with, as well as on the crisis of the financial sector to which it itself had strongly contributed." (2013, p. 135).

What does this example prove? First, the fact that at a certain point Goldman Sachs departed from its axiological-normative principles, abandoned its guiding idea and began to operate in a strictly opportunistic manner. It made full use of new technologies and product innovations (derivatives), which facilitated such activities. Lloyd Blankfein, CEO of the bank, said before the Congress: "We are doing God's work," referring perhaps to consulting the government of Greece on how to conceal its debts and save itself from bankruptcy.

As we know, the economic outcome was disastrous. The fact that the bank managed to avoid responsibility cannot negate it. The costs were borne by others. And if so, Thurow has an even stronger point. The problem applies to the entire capitalist system, even if its source is to be found at the level of economic organisations. But if we want to forestall the macro-economic threat, change must take place at the micro level, i.e. at the company level.

Unfortunately, the current operation of the capital market indicates that the homework has not been done. Lachowski states that despite the outbreak of the global financial crisis, the moral hazard issue or internal conflicts of interests have not been eliminated from the banks' activities (ibid., p. 133). The attitudes and behaviours of their managers are the same as before the crisis.

Although the need to change the way the companies operate appears to be obvious, the change occurs slowly and to a limited extent. Even if the owners and managers consider them necessary, they are prevented from going ahead by risks compounded by the fear that their competitors may take advantage of their decision, take over their market position and resources. An incentive to follow a different path may be offered by an apt metaphor used by Thurow that closes his book: "But ultimately Columbus did not succeed because he was lucky. He succeeded because he made the effort to set sail in a direction never before taken despite a lot of resistance from those around him. Without that enormous effort he could not have been in the position to have a colossal piece of good luck." (1999, p. 422). If one wants to achieve something lasting and meaningful, one needs to embark on a journey into the unknown, that is,

take action according to a different, innovative formula. One has to muster the courage to do it, open one's eyes, look critically at oneself and the environment, stop following set patterns and take the risk.

If a firm decides not to set off on such a trip, it will likely survive, but at the risk of gradually losing subjectivity. Most firms buy the same equipment and use the same technology as their competitors. What sets them apart are, as a rule, not their material assets, but intangible ones, those associated with the employees, their knowledge, intellect, imagination, and creativity. As a result, the firm may use its physical capital more effectively than its competitors. Thurow writes about this vividly: "The only essential property of a firm returns home every evening, independently makes decisions as to where his skills will be put to the best effect, controls the effort that he will put (or not) in the firm's operation, and cannot be owned (...)" (ibid., p. 363). Corporate rats are not part of such capital.

The key elements for today's firm, for its effectiveness and development, are the relationships between its hard (physical) capitals and soft (cultural) ones. Efficiency in the use of its tangible assets (operational efficiency) depends to a much greater extent than ever on the inclusion of intangible assets. This is what provides the basis for structural efficiency, which determines the adaptive and development capacities of the firms. "Communication between assets becomes much more important than the concentration of assets." (ibid., p. 364). Therefore, it is not the size of the company and the scale of its resources, but its dynamic adaptation that is critical for it to succeed in the market. Today, a resource which offers a strategic advantage is knowledge and self-knowledge at the same time. From the macro-social point of view, the role played by technical infrastructure in the industrial economy has been taken over by knowledge infrastructure in the digital economy.

The following proposition formulated by Thurow is fundamental to business activity: "Human capital differs from physical capital in three important ways: (i) Human capital cannot be owned. The capitalists do not invest in anything they cannot own. (ii) Investment in human capital often requires a much longer time horizon than that allowed by capitalism. (iii) Investment in knowledge needed to create industries based on human intellectual potential must be made in a

social context completely alien to the individualistic orientation of capitalism." (ibid., p. 364). This has far-reaching implications, especially for the interpretation of the basic categories of economics, which is 'property.' The content of 'property' is subject to inevitable reinterpretations when its subject on a mass scale are intellectual creations. It is not about just a different division of defined property rights, but also about the new laws and their social content. We are at the threshold of this process, which will specify property not only from outside, but also from inside. This is what is clearly happening in relation to property.

A new approach to property – in respect of the city space – was interestingly presented by Hubert Izdebski: "(…) it (JH) can be brought down to the treatment of property – with full acceptance of the fundamental role of private ownership and the rejection of domination, or even more so, the monopoly of collective property – not as an essentially absolute right, but as a social function. This concept can also be defined as a restriction on the content of the property rights 'from within,' including the grounds of public interest whose fundamental aspect in the field of spatial planning and public management is (...) the spatial order." (2013, pp. 144–145). Such an approach goes beyond the established pattern of referring to property by public authorities only in the context of its protection and consists in a public determination of social content of property as a manifestation of the transition from the liberal-individualistic doctrine to the liberal-solidaristic one (ibid., p. 149). Thus, property rights are regulated not only by the fact that the owner cannot do whatever s/he likes with the property, but also that s/he is supposed do whatever is permissible in a certain way – and is obliged to do so.

If investing in human capital and, more broadly, in the soft (cultural) capitals is so important for the development of the modern economy, it raises the question of whether capitalists can be and under what circumstances they can be interested in making this kind of long-term investment, since they will not own the results of their investments, as was traditionally the case. Human capital cannot be owned or sold. Experience shows that the capitalists are ready to benefit from such an investment, but without incurring a substantial part of expenditure. They want to take advantage without incurring the risk (Thurow 1999, p. 369). And even if they spend money on human capital, they spend it

on their employees. Yet the productivity of the latter is not only a function of the qualifications and competencies of specific employees, but is also related to their general level of socialisation. Owners and managers of companies often prefer to intercept employees trained by their competitors than train their own. As a result, however, they suffer from the lack of loyalty on the part of the employees, which reinforces their inclination not to invest too much in their qualifications and competencies. Thurow points out that as a result, "every country that depends on private investment in human skills quickly finds out that it has not too few of them, but also suffers from their very unequal distribution." (ibid., p. 373).

One may call such an approach undue rent capture. In today's market economy, such conduct has become rampant. This, in turn, causes the game to be dominated by opportunism, by taking advantage of market opportunities as they arise instead of long-term operation. Hence the timeframe of activities becomes shorter, and the model organisational formula is based on far-reaching flexibility in order to take advantage of every opportunity. Flexibility thus understood implies that firms are not interested in forming long-term relationships with their partners. With respect to their environment they adopt the transactional attitude, while weakening the relational one, whose negative consequences were so strongly revealed in modern banking. All this contributes to the short-sightedness of owners and managers, which Thurow rightly regards as the greatest weakness of capitalism (ibid., p. 371).

Opportunism as a dominant orientation of companies leads to manifestations of the herd instinct. All the participants are trying to do more or less the same, which means that competition consists mainly in the destruction of competitors and in taking over their market position. This phenomenon can be described as 'market cannibalisation.' It does not pay to invest and build, it is better to take possession of what others have created. Economic strength is thus rooted in takeovers and appropriation, not in cooperation and benefit-sharing.

Such actions find a simple excuse. It is cited, among others, by Marek Belka, who referred to the statement made by the head of CitiGroup after the collapse of Lehman Brothers: "As long as the music is playing, one must dance, and no

bank will allow itself to operate against the trend set by the others" (2016, p. 174). Belka himself comments: "Even if one of the sheep thinks that it may be a bad idea to rush along with the others and fall off the cliff, it has no chance to do so in a herd. If the sheep slows down, it will be pushed off, but if it stops, the others will trample it to death." For me, this justification is not convincing: not all the banks and not everywhere behaved so irresponsibly from the economic and social point of view. The situation in Poland constitutes a good example: if banking supervision operates properly, such a behaviour does not become rampant. Herd behaviour is comfortable and safe, but is not necessary. And since we have turned to metaphors, let us use another proverb "When in Rome, do as Romans do." But if you do not wish to go to Rome, you simply do not. And that is it.

Such an excuse obscures the picture, because it disregards the fact that herd behaviour was in the interest of bank managers. The system of remuneration of managers strengthens and perpetuates the opportunistic attitudes of firms – a system based on paying outrageously high bonuses for short-term financial results. This mechanism favours the kind of business leadership whose distinguishing characteristic is greed, which "fuels the chain reaction that leads to an uncontrolled outbreak of evil." (Lachowski 2013, p. 137). It is necessary to change the system of remuneration of managers. However, it will not happen on their own initiative, but must be imposed by public authority. In my opinion, what is more important than the direct reduction of salaries is the introduction of the principle that any monies paid to board members come from profits after independent audit and after tax.

While economics has consistently skipped the issue of value, reducing it to the issue of market valuation, works devoted to management constantly dwell on values in the context of an enterprise. One of the best-selling business books, *Good to Great* (published in 2001; Polish edition in 2007), was written by Jim Collins. At the level of rules, it appears that the author and his research team are genuinely concerned that firms should improve and develop, not only earn money, that they should be aware of the difference between doing things well and doing good things, and the difference between efficiency and value. However, once we dig deeper into the suggested instruments, more and more doubts arise. One of the cases discussed by Collins as an example of the

American success story is Fannie Mae (Federal National Mortgage Association), a specialised private company that lends money to financial institutions and securitises mortgages. Here is how the guru of the 'value in business' discusses the source of the financial success of the company: "(...) Fannie Mae linked its profit rate with the level of risk associated with a given mortgage, not with the actual loan (…)" (2007, p. 125). Simply put, a company supported by the US administration (including preferential taxation), which was supposed to stabilise the mortgage market, took to speculation, earning more the greater the risk associated with a given loan. It automatically invested in high-risk mortgage securities. By doing so, it contributed to inflating the enormous speculative bubble in the US housing market. Once it burst, it directly caused the collapse of major banks and insurance companies, which, in turn, triggered the global financial crisis. Business activities so glorified by Collins and his ilk led to the fact that on September 7, 2008, Fannie Mae laden with a gigantic debt was taken over by the US government. But even before then, in 2004, an investigation revealed serious abuses in bookkeeping that allowed the company to conceal increasing losses to be able to pay high bonuses to managers. Ralf Füks, representing one of Germany's largest corporate foundations, had this to say about such practices (2016): "It is a factor that corrupts every business culture if fired managers who are responsible for the losses caused by speculation receive generous severance pay." (ibid., p. 360). "The separation of benefits from value creation, which took place in the financial sector, corresponds to the separation of profit from responsibility. This double separation is a significant cause of the financial crisis which, since the American real estate bubble burst, has been hitting us with ever new waves." (ibid., p. 359).

If the current model of the company, which is characterised by short-sightedness and a narrow field of vision (quarterly capitalism) does not change, there will be nobody left to make long-term development investment, except for public authorities (the state). It is unlikely, however, because, as Thurow emphasised, rulers usually borrow rather than invest in order to stimulate current consumption and gain the support of voters (1999, p. 383). In this way, they reinforce the short-term orientation of companies and stimulate the opportunistic market game.

According to Thurow, the massive shortening of the timeframe of actions taken by governments of economically developed and democratic countries is primarily due to the end of the Cold War, budgetary pressures on the part of the elderly, the influence of tabloidised media and the falling real budget revenues. High debt means that the actual decision-making horizon becomes negative (ibid., p. 385). Governments react to what has happened and is happening, and they are less and less preoccupied with the challenges of the future. Their actions lead to a general decline in investment, because the budget deficit financing current consumption reduces the pool of domestic savings.

The state also has an indirect negative impact on the level of savings and investment. A good example of this are loans secured on homes made possible and encouraged by tax regulations. Thurow considers them to be one of the most serious economic mistakes (ibid., p. 391). It is worth remembering that he expressed this opinion a dozen years or so before the outbreak of the subprime loan crisis. In particular, he pointed out that once such loans become popular, people no longer need to save in order to live in their own homes. Thurow also made a certainly controversial, although brilliant point, not entirely divorced from common sense: "To some extent, America is a society with a low level of savings, because it is a society with a low level of investment, not the other way round." (ibid., p. 392). In his view, the causal chain does not proceed from greater savings to more investment, but from the desire to make certain investments to greater savings. The operation of the current major global corporations seems to clearly confirm his observations. Such corporations have huge financial capitals, but they invest very little in manufacturing. They accumulate capital through active participation in the speculative game in the financial markets.

Thurow concludes his penetrating analysis by posing a fundamental question: How is the doctrine of radical short-term individualism supposed to reflect the long-term interests of society? How is capitalism supposed to promote the values it needs to soak up the necessary juices if it denies the need to promote any set of values at all? In short, who represents the interests of the future with respect to the present? How is capitalism supposed to function if

important types of capital cannot be owned? And he adds: "The pressure inside the volcano is building up. (...) In periods of disturbed balance, it becomes necessary to answer the questions to which there are no obvious answers." (ibid., pp. 400–401).

Any attempt to answer these questions forces us to open our eyes, to get a critical and fair view of reality, to use our imagination, responsibility, and courage to act outside the box. In my opinion, the answers must be sought in various places. What is crucial, though, is the concept of the firm not as an independent entity, but viewed through the prism of its relationships with its environment. If we need a different market economy, its emergence and formation will not be possible without changing the model of company operation, even though it is only a necessary condition, far from being the sufficient one.

Toward a circular economy

A desirable model of market economy appears to be the circular economy. Its translation into Polish as a *closed-circuit economy* does not really capture its essence. The translation results from associating circular economy with the reprocessing of raw materials, especially recycling. But this is too narrow a perspective. Moreover, the concept is clearly has more engineering-related than socio-economic foundations for it implies thinking about a separate and fully technologically controlled process. Yet something much broader is at stake: we should be thinking about the economy not as a circular and closed, essentially pre-programmed and reproducible process, but as a spiral process in the sense of self-sustainable development, i.e. one that consists in the use of resources in a way that permits their renewal. Such a process has a spiral rather than a circular shape. And it clearly has an evolutionary nature. It cannot be pre-programmed. It can be stimulated and guided. Having said that, I am still hard put to suggest a translation of the concept of circular economy that would reflect the associations outlined above. Not entirely convinced, I shall use the term circular economy throughout, hoping that the future discourse will yield a different, more appropriate term.

The point is not to develop a completely new, alternative concept of the economy, but to gradually transform the current linear economy[1] into a circular one and the development of appropriate business models for it. Even though it is difficult, it is already happening. The circular economy is not a utopia, but an increasingly powerful segment of the modern market economy. Estimates show that in developed countries, e.g. in the Netherlands, it generates up to 7% of GDP (Money 2015).
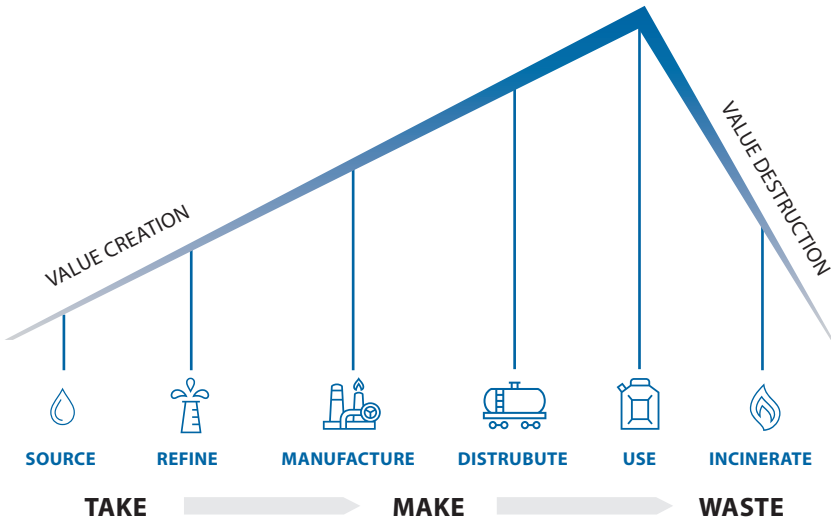
The essence of this change is a shift from paying for ownership to paying for use. The former implies taking – making – disposing, and leads to a significant portion of resources being converted into waste. Such a process creates values, but, at the same time, destroys them on a significant scale. The more so that in order to drive consumption and the economy, manufacturers – and partly consumers – want products with a short life-span. This leads to unproductive growth, and to an often wasteful economy. What is redundant and residual in the linear economy, becomes a valuable resource in the circular economy.

The development of the circular economy requires us both to change the instruments and to revise a number of the existing and well-established concepts and thought patterns. Indeed, our lives are circular in nature. This stems from the fact that we are part of nature, we are biological entities. But as a society we ignore it and proceed linearly (ibid., p. 17). We need not only a deep reflection and discussion, but also safe experimenting in order to be able to adopt the principles of the circular economy. Change should occur not only in the economy and consumption, but also in education and in culture. The idea is to curb the process of destruction typical of the linear economy. This is well illustrated by the figure below.

The circular economy assumes and entails the inclusion of externalities in accounting and in the financial results of companies that generate them. If the identified negative economic and social consequences of company activities can be passed on to others, responsibility disappears, and the propensity to act opportunistically increases. A positive solution to this problem cannot rely solely on specific administrative regulations (a monitoring and penalty system).

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[1]   What I understand by the term *linear economy* is an economy that relies on incremental growth. At its core, it involves the use of known instruments to achieve certain economic categories, especially profit. Management is thus understood as a cause and effect process that occurs according to the stimulus–response pattern. What is important in this context is the intensity.

VALUE IN A LINEAR ECONOMY

VALUE CREATION

VALUE DESTRUCTION

| SOURCE | REFINE | MANUFACTURE | DISTRUBUTE | USE | INCINERATE |

TAKE   **MAKE**   **WASTE**

PRESERVE VALUE AT THE HIGHEST LEVEL

VALUE PRESERVATION

VALUE CREATION

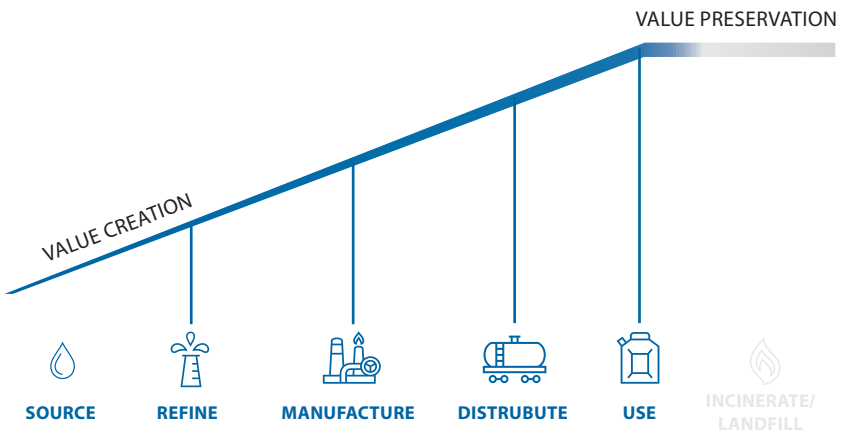| SOURCE | REFINE | MANUFACTURE | DISTRUBUTE | USE | INCINERATE/ LANDFILL |

FIGURE 1. Value in linear versus circular supply chain
Source: Money 2015, figure 7, p. 19.

Moreover, it requires deeper institutional changes in the sphere of relations of companies with their economic and non-economic environment. Responsibility thus understood is not a CSR declaration of concern, but a deliberate attempt to initiate the process of renewing social and economic resources used up by a given firm, even if it purchases them. Such a responsibility does not result from external coercion, but from the implementation of internal standards. The point is, therefore, to create such systems of incentives as would contribute to such responsibility.

Undoubtedly, financial incentives are especially significant, but not only. The authors of the cited *Report* rightly emphasise that financial solutions so far have been the source of the disease that afflicts the modern market economy, but they can also offer a remedy if the financial system is be modified to favour the circular approach.

Until now, the thinking about the circular economy applies mainly to the raw material economy. Quite possibly, this is so because its operation in the linear model produces disastrous consequences not only on a local or regional scale, but increasingly on the global one as well. The idea of circularity in this sector is shown in Figure 2 below.
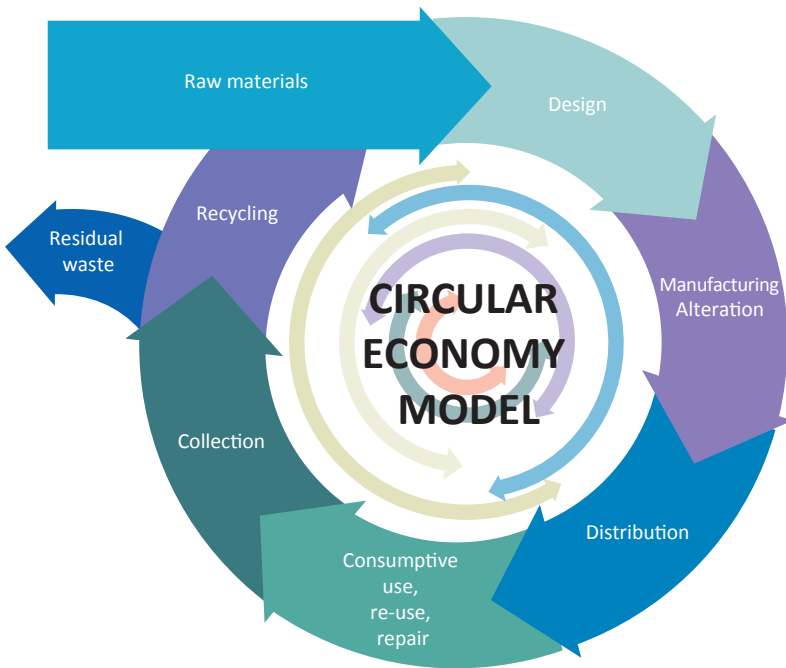
Figure 2. Model of circular economy
Source: Hausner et al. 2015, p. 37.

This line of thinking entails a focus on renewable energy, of which a good example is the German energy transition (*Energiewende*) officially launched in 2010, but actually started in 2000 with the adoption by the Bundestag of the Renewable Energy Act (EEG). It is worth noting that in five German states, the share of renewable energy already exceeds 35% (Füks 2016, p. 313). *Energiewende* is a comprehensive approach that covers the following:

• Variety of possibilities for ensuring renewable power with reference to the supply side, the technical specifications of equipment and its regional distribution;

• Flexible reserve power plants, especially decentralised block power plants;

• Extension and modernisation of the power grid in order to connect the major centres of wind and solar power with large consumption centres and thus minimising transmission losses;

• Power storage facilities that collect surplus energy generated by fluctuations in the production of wind and solar power to be re-introduced into the system when necessary. Surplus power can be temporarily stored in decentralised battery systems or pumped storage power plants; another option is to convert them into methane or hydrogen;

• Improved timing of supply and demand thanks to smart power grids that combine data from producers and consumers in real time, thereby allowing optimal control. In a smart grid, power networks and information networks merge into a single superstructure;

• Better integration of the three major energy sectors: electricity, heat, and transportation. Electric vehicles become part of load management, excess electricity generated by wind can be converted to hydrogen or methane, which can be used as heat, electricity, or fuel, as needed (pp. 321–322).

The complexity of the German energy revolution is also related to the fact that its success depends on the inclusion of a number of different actors, including various types of public authority bodies (federal, national, regional, and local), political parties and parliament, various businesses, households, academic circles, research and expertise, educational institutions, the media, and civic organisations. Furthermore, although this is a national project, its success depends on international cooperation, especially within the European Union.

It is also worth noting that *Energiewende* leads to favourable structural changes in the energy market entailing the elimination of its oligopolistic nature (ibid., p. 368).

However, the concept of circular economy should organise our thinking about all forms of doing business. It means that the existing business models must be fundamentally revised, so that the linear approach is transformed into a circular one. The essence of the process shown in Fig. 3.

The authors of an inspiring report on the financing of the circular economy (Money 2015) identify its three basic business models:

1. **Circular Innovation Models** (CIM): these business models focus on the development phase. Products are designed to make them long-lived and/or easy to maintain, repair, upgrade, refurbish, remanufacture or recycle. Additionally, materials are developed and-/or sourced, e.g. renewables, bio-based, less resource intensiveness or fully recyclable. In the same context, process innovation concerns creating processes that increase the re-use potential and recyclability of industrial and other products, by-products and waste streams.

2. **Circular Use Models** (CUM): these business models focus on the use phase by optimally using the product and added value. These business models make it possible to retain ownership of the product (e.g. by servicing a product rather than selling it) and/or take responsibility of the product-lifetime (e.g. through maintenance services, or add-ons to extend the lifetime of a product). Product-to-service models entail a (partial or total) conversion from manufacturing (and selling) a product to:

   • Providing leasing and sharing services as an alternative to owning products.

   • Services that extends the working life-cycle of products and components by repairing, maintenance or upgrading.

   • Services to facilitate trading in marketing, and trading in secondary raw materials: e.g. 'product passports' and material databases to guide traceability of materials and inform on quality of those materials.

3. **Circular Output Models** (COM): these business models focus on the output and its added value after product use phase. In these business models, revenue is generated through the transformation of waste into products or useful

resources in order to add value, reduce costs or reduce waste generation. A take-back element herein is therefore essential.

Extensive application of these business models requires adequate funding from a number of different kinds of sources. A breakdown of such a financing system is shown in Fig. 3.

Instruments used by the entities participating in the circular economy must be tailored to the specific risks associated with this kind of operation. The authors of the referenced *Report* outlined both opportunities and risks associated with each of the three basic business models (ibid., pp. 52–61). Undoubtedly, opportunities are expanding and the risks are limited if firms using these models find partners which operate according to similar principles, and jointly form their gravitational field.

The logics of investment in a linear system and in a circular one are different. In the former case, the investor is only interested in obtaining a return on invested capital, or whether it will generate a high enough income flow (cash). In the latter case, it becomes increasingly important whether the flow is directed towards the maintenance and development of the resource that was launched in order to be able to make the investment, and which came into existence as a result thereof. If it is not the case, it means that the investment in question is not sustainable and/or puts a financial burden on someone else, as is the case e.g. with investing EU funds in municipal infrastructure and neglecting the issues of financing its operation and maintenance at later stages. As a result, extra costs will have to be charged to either households/residents or will contribute to a city's budget deficit and increase its debt. For a number of Polish cities, this issue is becoming a serious problem, especially in the context of the increasing negative demographic balance.

A new phenomenon in the economy are platform co-ops (web-based cooperation platforms) such as Uber, Airbnb, Amazon, Facebook or Google, which form a worldwide network providing specialised services. They are considered to be part of the sharing economy, because they make it possible for their customers to make transactions and generally charge relatively small fees. Their services are generally cheaper than those available on the market.
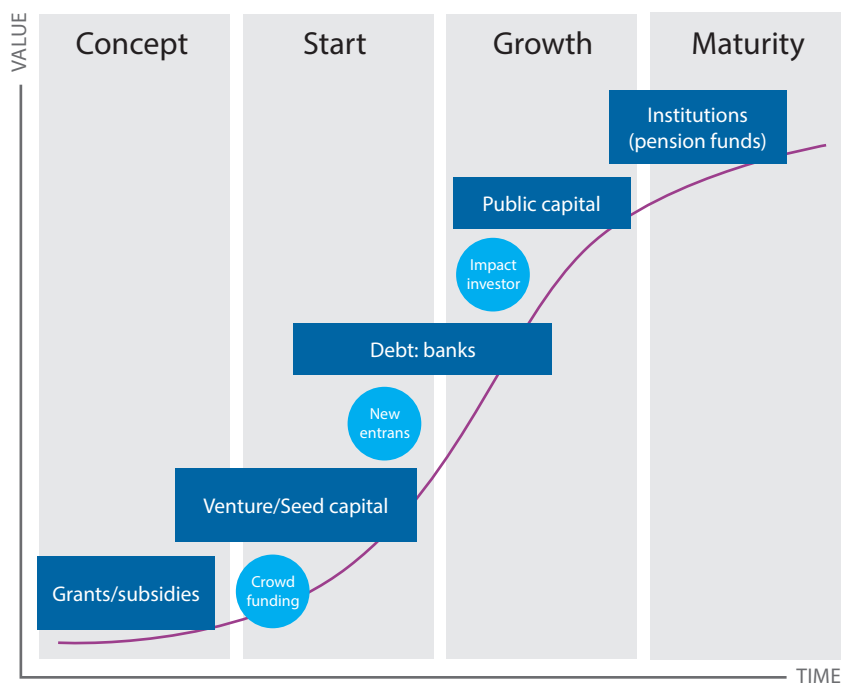
Bank Financing:

- **Corporate debt** – Traditional corporate lending

- **Lease** – Can fit pay-per-use earning models

- **Working capital & supply chain finance** – Solution for prefinancing issue

- **Structured finance** – Stand-alone projects

- **Mix of the above**

Figure 3. Funding sources
Source: Money 2015, p. 47.

That is why such firms are rapidly gaining customers, especially young people who, culturally speaking, are children of the information age. The mass character of these transactions means that such firms quickly reap huge profits. The capital gained in this way allows them to paralyse their competition, both by acquiring them and by well-organised lobbying campaigns aimed at national or municipal regulators. According to Gorenflo (2016), Airbnb spent 8.3 million dollars on a campaign against the resolution adopted by the San Francisco city council stating that its activity resulted in a rapid growth in housing prices.

It should be noted that if such platforms use physical capital, it is not their capital – the capital is owned by others, by their clients. Therefore, they do not have to maintain it, allow for its depreciation, re-create or purchase it. In consequence, their costs are much lower than their competition's. If they need physical capital, it is specific, unique and complementary to the physical capital of their clients (e.g. automated parcel lockers). Additionally, they develop as computer platforms that link the activities of other people. They exploit these activities, usually do not pay for it, but make money from it. They minimise their own employment by engaging the work of others in their own business algorithms, which also lowers their operating costs. Even if they do not charge a commission, but only facilitate the free exchange of physical goods or help conclude transactions, they attract advertisers as a result of their sheer scale of operation. They do not have to create cultural goods to thrive thanks to the creative work of others transferred to them voluntarily or indirectly captured.

Such companies have no problems with access to capital, because their activity does not require large starting capitals, and even if it did, it would be easy for them to acquire it in the venture capital market. However, after reaching a significant level of operation, their capitalisation skyrockets. Certain start-ups reach a capitalisation of several billion dollars within a single year. In its four years of operation, Airbnb achieved a higher market capitalisation than Hilton or Marriott, networks which have been operating for a hundred years or so (Money 2015). As a result, they rapidly increase their economic clout and, crucially, they use it in order to become global monopolists. They are not interested in competing, but in eliminating their competition. This poses a fundamental threat – such firms originate from the market, but they limit its operation. This raises the question con-

cerning the price levels once the internet business platforms have monopolised the markets for individual services, where would this kind of monoculture lead?

One may think that the activities of such companies constitute a segment of the circular economy whose point is, among others, to replace the transactional and opportunistic relationships with strategic and partnership-based ones. But this is a delusion. This model of sharing economy does not lead there. We are not dealing with a mechanism that recursively leads to the renewal of utilised resources, rather with a new formula for the exploitation of other people's resources. It brings tangible benefits to its participants, but the benefits are short-term and they accrue at the expense of losses incurred by others – its intrinsic mechanism relies on capturing value created by others, not on producing it. If values are indeed produced, the distribution of benefits is far removed from the rules of fair trade. At the same time, their activity leads to the destruction of values on an increasing scale – the more perceptible the higher the number of participants in these platforms. At the same time, the participants, even if they realise it, they have (or will have) nowhere else to go. There is no escape from Facebook or Google.

But is the sharing economy only possible in its Uber or Airbnb version? Definitely not. A positive example would be HitRecord, an online platform for co-operation which follows different, much fairer and 'circular' rules. Some users send in content prepared by themselves (graphics, text, music, vocals, videos, photos, etc.), whereas others modify the content or add their own, and edit the final version. The firm disseminates these works among others in the form of short films presented at festivals (e.g. Sundance), DVDs, books, CDs and vinyl records, including its cyclical programme on cable TV (*HitRecord on TV*).

The company commercialises the products of its participants, but shares revenues in proportion to their contributions. Before the final division of proceeds, the proposal of their allocation is made public, which allows the contributors to comment on it and suggest changes. At the same time, users do not sign over the rights to their works and may continue to make money on them on their own.

Crucially, the participants in a given platform should have their say on the allocation of benefits arising from their involvement. Following this path, it is important who controls the operation of a given platform. If the participants,

not just the organisers, control it, the risks outlined above could be minimised. Such a mechanism would ensure that the platform co-ops would not create values for themselves at the expense of the destruction of values produced by others. In shaping such a mechanism, however, we cannot avoid the fundamental questions concerning the assignment of property rights. Their traditional understanding, especially with respect to intellectual property, rules out – as it appears – the capacity to follow this route. In other words, collaborative platforms would have to be genuinely 'socialised.' But then, however, they could not grow to match the enormous size of Facebook or Google. Today, they are so big that that they indeed appear too big to fail. The same problem applies to them which was associated with the development of the giant banks with the well-known disastrous consequences.

The proposed changes are not likely to come from within any of these capital-cum-IT giants. Changes must be imposed on them from the outside by public authorities or via user pressure. Both appear equally unlikely today, but as cooperative platforms continue to take over new markets and freely grow, such changes will even be more difficult to implement.

The internet co-ops apply the principle of open innovation with more and more corporations following suit. We must, however, bear in mind that the adoption of such an innovation formula is not automatically tantamount to corporate social responsibility or to a departure from the opportunistic orientation in favour of the relational one. On the contrary, in most cases the open innovation process has become another useful formula for capturing undue benefits, an effective and low-cost method of acquiring and exploiting other people's business ideas or intellectual creations. And if this happens, neither the open innovation process nor the other manifestations of the sharing economy constitute links in the circular economy, but are acquired by companies operating in the traditional linear pattern – the business of business is business. Open innovation becomes a form of socially responsible business activities only when it actually supports and stimulates innovation on the social side, when it sustains and strengthens it, leading to the enlargement of the overall pool of resources. Real innovation is not transactional in nature, on the contrary, it must be social and relational. Only

then can we say that the open innovation process leads to a circular, self-sustaining economy and constitutes the opposite of wasteful exploitation.

One should not, therefore, assume that modern information technologies automatically lead to economic co-operation and partnership. Experience shows that sometimes it happens the other way round, that they can be effectively utilised to form monopolies. Google supplies a particularly good example in this respect. The negative effects result from the company's patenting policy. On the one hand, Google is trying to instantly patent everything possible, even ideas of solutions expressed in the form of drawings. On the other hand, it is trying to expand its portfolio of patents by purchasing companies or their parts that own large number of patents. Google started off with 10 patents and now obtains 1,800 patents a year (Regalado 2013, pp. 1–2), and in this respect it is well ahead of General Electric or Intel. The company's managers explain that in this way they defend themselves from competitors who sue them. To prove its good intentions, Google sometimes makes patented solutions available on an open-source basis. But in fact, the company discloses obsolete solutions, primarily in order to harm the competitors (ibid).

Stanisław Magala analysed selected examples from the distant past and very pertinently observed that "technology is important, but the emergence of a new technology itself does not determine the direction of development. The Chinese invented print before the Europeans did, but the ambition of the Mandarin caste was to amass libraries on islands so that the fewest possible people could reach books or, God forbid, borrow them." (Magala 2015, p. 7).

Likewise, it should not be assumed that if someone keeps referring to 'stakeholders' and avoids the term 'customer,' they have definitely departed from the opportunistic attitude. The rhetoric often obscures the actual socio-economic content. Enron managers kept declaring for years that their mission was to create significant value for stakeholders since it was their primary concern. PR hypocrisy has become a toxic component of business culture.

In the grips of marketing

The opportunistic orientation of companies is strengthened by the dominant approach to marketing. Anna Giza synthetically presents it as follows: "Marketing begins and ends in the company, with the world being only a plane of reference for its operations. It entails a particular perspective on reality: man is seen as a consumer; society as a set of target groups; disposable income as purchasing potential; the quality of life is measured in terms of the level of consumption and the quantity and quality of possessed goods." (Giza 2016, p. 8). Modern marketing is no longer focused only on a product or service, the key is to promote the company's brand, but in such a way as to gather around it the broadest possible community of consumers, faithful and loyal fans of the brand. Today's marketers dream of creating a Lovebrand (Lovemark). The point is to detach devotees from other relationships and crystallise a community around the favourite brand. This is the task of community managers – representatives of a new, but increasingly widespread profession, formatted according to the principles observed in the circles of online gamesters (ibid., p. 9).

Marketing pursued in this way aims to soften or even remove the consumers' self-regulatory mechanisms. In particular, consumers are supposed to lose the capacity to manage their future, instead, they should be living their lives, that is, consume here and now. They are being locked in the present. Except that it is not the present created by them; their own present is being confiscated by the marketing experts. They try to convert a consumer's whim into a need, of course, only for his/her own good. Giza also notes "(...) it is not only about the instrumentalisation of consumers' desires: the very concept of needs is constantly reinterpreted, evolving from perceptible, material utility to emotional satisfaction." (ibid., p. 80). She goes on to add, "(...) human needs are dissociated from the sphere of everyday practices saturated by values and social relations, and implanted into the economic sphere as isolated entities considered from the perspective of the exchange process." (ibid., p. 91). Giza aptly sums up her observation quoting an epigram by Stanislaw Jerzy Lec: "Everybody wants your best. Don't let them take it away from you." And the stakes are raised even higher by the issue of privacy of personal data, since thanks to such information it is easier to 'seduce' consumers by converting them into big data. Man is reduced to acts of consumption.

Brand marketing has now become a strong driver of consumption, fuelling the economy and encouraging the opportunistic economic game. This is its actual function draped in the formula of social responsibility and social process of value creation. One is tempted to say that the devil dressed in a chasuble is ringing a bell for the mass with his tail.[*] And the credo is the democracy of consumption and equality of desires.

Philip Kotler, currently perhaps the best known marketing guru, has announced the emergence of marketing 4.0 driven by the co-creation of value by firms and stakeholders. Approaching it with openness and hope, however, one is immediately led to think what kind of values, and how the benefits of the co-creation of values are going to be allocated. And, above all, what mechanism of allocation is going to apply.

Marketing has significantly contributed to the creation of a unique field of business activity and operates in this field, penetrating it and energising it. Giza illustrates these interrelationships using the following diagram Giza (cf. Figure 4).

This field is continually activated by the opportunistic game played by transactional firms. However, there are more and more signs of its negative economic and social impacts, to mention only mass consumption using credit and the rising household debt. Sooner or later, these phenomena must lead to the collapse of the economy, very much like what happened in Greece. Another negative effect of the operation of this field is the disappearance of the pool of genuine breakthrough innovations displaced by sham ones, e.g. facelifted old products or services being passed off as 'new.'

Nevertheless, most companies still operate in this field. They do not find the exit either because they do not seek it or cannot discover it. They are often afraid to risk leaving the field since their competitors continue to operate there. Despite everything, is seems safer to them to remain. They cannot overcome the force of gravity. They continue to hunt for bargains and customers, even if there are clearly fewer of both. As a result, the weaker ones are pushed away or taken over, which manifests itself in trade as the increasing dominance of retail chains that force manufacturers to sell under their brand names. Their suppliers become factories for hire.

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[*] Polish proverb meaning that someone is incompetently trying to conceal their evil intentions.
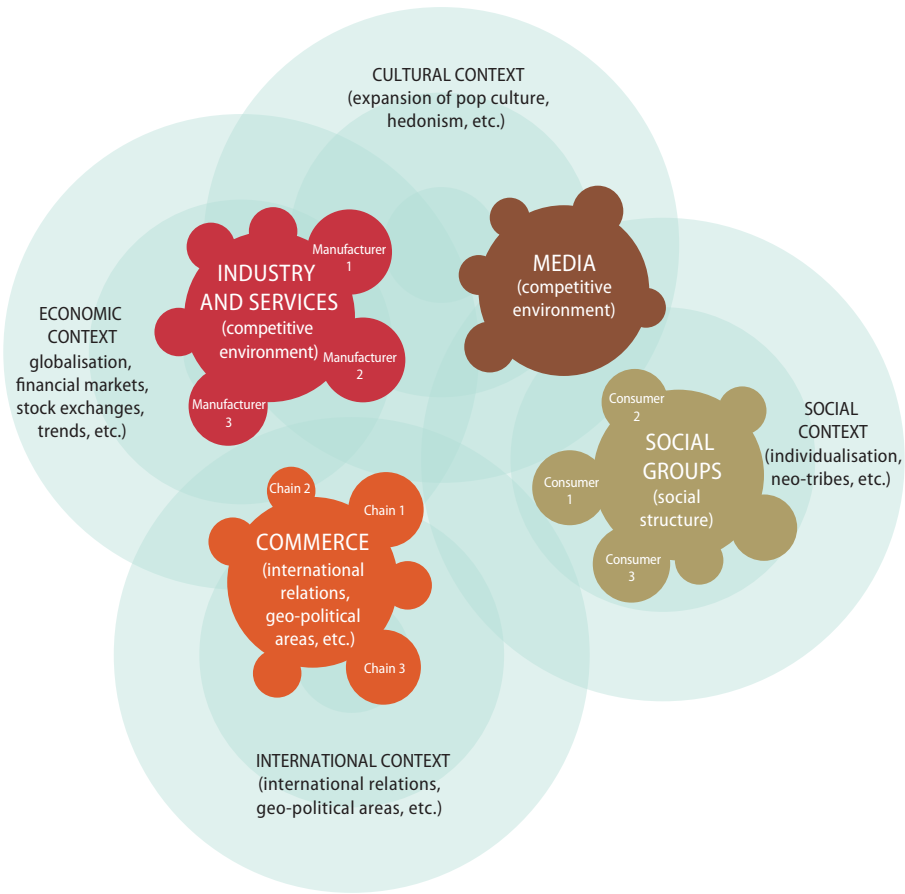
FIGURE 4. Marketing as a social system
Source: Giza 2016, p. 68.

They can survive economically, but become anonymous and ultimately lose their development independence and autonomy. In the end, they no longer have a choice. In the process, the gravitational field of transactional companies becomes a big continent that grows and fortifies its borders rendering attempts to escape extremely expensive.

It is hard to believe that marketing and its experts might actually contribute to a fundamental change in the nature of this gravitational field, since they have been shaping it themselves for over a century. Other forces, other actors are needed to that end, namely those who refuse to accept the loss of identity and subjectivity, those who actively seek autonomy, independence and empowerment, in order to find a way out from this field by starting partnerships with others who are similar in this respect, who develop their own ideas about how to do business and what the meaning of life is. It really becomes fundamentally important for global development, since the market economy has become globalised, and marketing creates global brands, which must be universal, or culturally cross-border. This prompts marketers to endow brands with ideological content that is supposed to express a certain philosophy of life (ibid., pp. 109–111). Consumers should turn into believers. To that end, marketers transform themselves into priests, which does not prevent them from opportunistically exploiting their followers.

One might think that by invoking issues related to the philosophy of life marketers enter the world of lasting values, that they are talking about ideas, not about doing business. But it is a delusion. In her work, Giza cites David Ogilvy, the famous creator of a new approach to brand marketing: "You will never win fame and fortune unless you invent big ideas. It takes a big idea to attract the attention of consumers and get them to buy your product. Unless your advertising contains a big idea, it will pass like a ship in the night." (ibid., p. 160). In the author's view, marketing will evolve in the following direction: "(...) marketers aim to bind consumers to a brand by means of a significant social relationship, in which they assume a certain role. Therefore, the methodologies developed for brand 'archetyping' no longer identify needs, desires, beliefs or mental maps, but the deep, identity-based motivations." (ibid, p. 116).

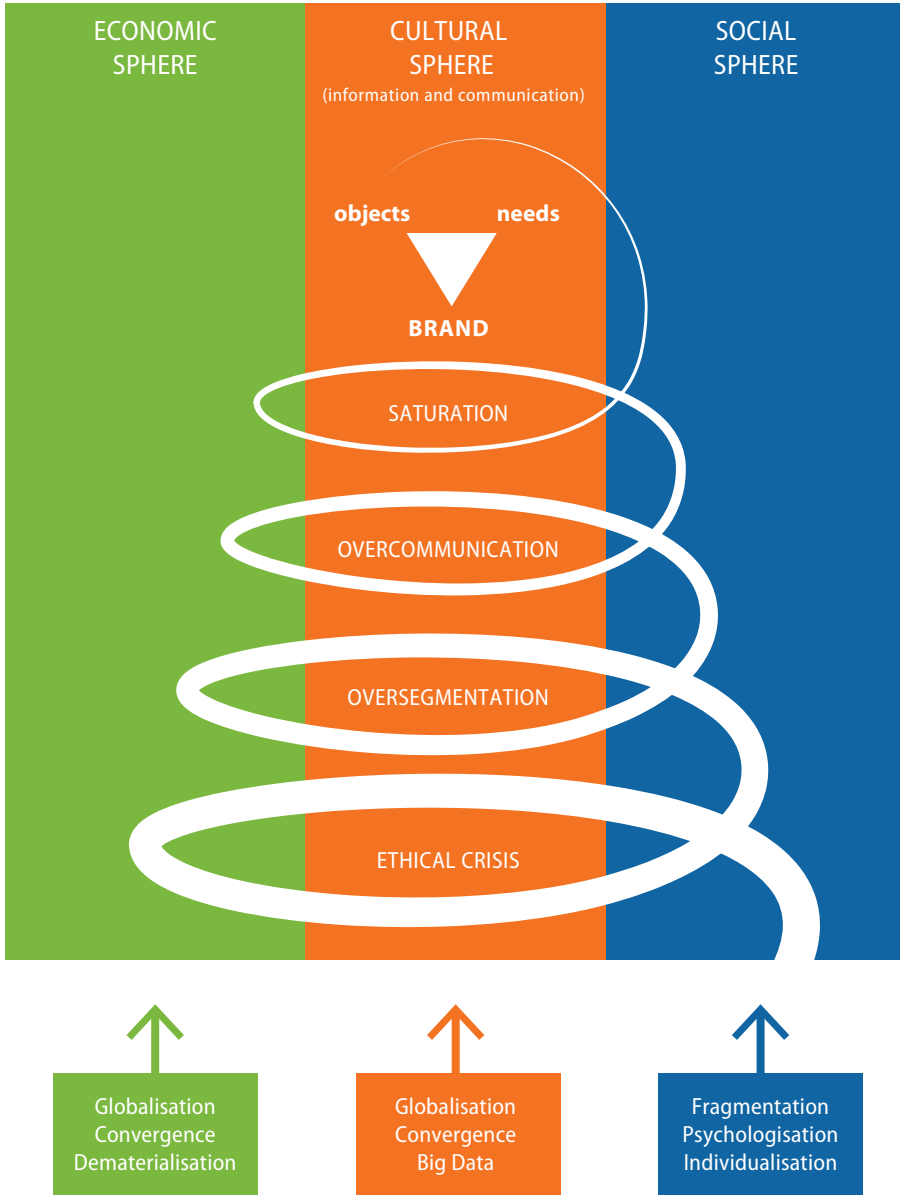Giza's eye-opening and reflection-inducing pattern of evolution of marketing is shown in Figure 5.

FIGURE 5. Evolution of marketing practices
Source: Giza 2016, p. 158.

Looking at it, we can quickly rid ourselves of any illusions as to whether marketing will set us free.

The way out of the field of the opportunistic market game certainly does not lead through marketing in any of its forms. The assumption behind marketing is to sell in order to make a profit, not to manufacture quality goods. Such an exit is only possible when a company switches over to good production by defining its idea, by determining its unique value-creation process, by cooperating and co-creating values with its stakeholders. Marketing refers to values as brand components in order to sell – they are façades, promises. In a Firm-Idea, values are produced thanks to its internal mechanism. In marketing, values give meaning to communication with the customer, they form a vector of its persuasive impact. But when they are created, they guide all the activities of the company, bind them together, thanks to which the firm becomes an axiologically active field of subjective activity. In marketing, selling is good, but the point is to make sure that the good sells.

Marketing has become an integral component of the opportunistic market, certainly a rational activity that improves the operational efficiency of a firm. Values are important, but instrumental ones, i.e. those whose promotion bring a profit. They are applied to man, but man perceived as a consumer, treated as an object, and manipulated.

Sometimes we believe that an awakened, informed, and conscious consumer, armed especially with social media, will force companies to adopt a different approach to business and to customers. There are numerous examples of pressure and consumer action which made certain companies abandon the most drastic and reputationally harmful practices, including those pursued in third countries. An instructive example may be provided by Rugmark (now Good-Weave) – a system of certification of carpets operated as a global programme aimed at restricting the sales of goods produced through children slave labour (Jak 2015).

Can such ventures, however, bring about a fundamental change that will transform the gravitational field of economic activity? It remains doubtful. Such interactions are needed, but by themselves they will not muster a sufficient causal power. In order for this to happen, consumers would also have to

be empowered co-creators. And if that happens somewhere, even in a small niche, the axiological-normative, cultural foundations of economy also change. A small niche, because, as Giza aptly notes, "(...) the postmodern society creates a kind of consumption proletariat, scarcely shaping its choices, consciously and in accordance with its long-term interests, 'eating into' its own and common future." (Giza 2016, p. 207). Marketers systematically objectify such people and it is hard to imagine them giving it up. They are interested only in the consuming man made up of short-term desires and needs, and even if they make him a member of a community (community consumption), it is only under the banner of a certain brand. "The individual sphere of responsibilities, interests, long-term plans and a wide network of interdependence is cut off, both in the sense that it is ignored in the theories of consumer behaviour and that the marketing practices are aimed at reducing its impact on decisions and behaviours." (ibid., p. 243).

Empowerment will not arrive from the consumption side, even though changing consumption patterns it is important, since, for example, it undermines the junk food market segment. It is an indication that the key to genuine and profound change lies in the relationship between the material and extra-material (cultural) needs of individuals and social groups. The relationship should be shaped in such a way as to promote autonomy and subjectivity, to de-objectify people. Man cannot only be a consumer, or, more broadly, a market participant. Another point made by Giza is also fundamentally important: "(...) consumption patterns arise from the social and cultural background that endows them with meaning, significance, and legitimacy, but not the other way round. i.e. consumption itself does not produce either culture or social structure." (ibid., p. 222).

The Firm-Idea – a way out of the field of opportunistic game

Thinking about values in the context of a firm, we cannot consider them in terms of declarations and attitudes. Values exist only in so far as they are produced. In the case of a firm, they arise in the manufacturing process, no

matter what it is. And this applies both to the tangible and intangible assets. Hence it is not only about the 'manufacturing process' of the firm, but also about the social dimension of its activities. The way a company operates defines its attitude to values, since it either produces those values or it does not. The idea of a particular firm ensues from the definition and organisation of its unique manufacturing process and constitutes its verbal expression. If a firm declares something and does something else, it means that it does not have its idea.

If we think about the issue of values in business in this way, the often declared belief that a firm based on values should employ only people who share such values, may be found offensive. This would mean that we apply values to attitudes, not to actions. Quite possibly, the psychological profiles and competencies of employees must fit the firm, every firm, even the opportunistic one, but predispositions do not determine whether or not an employee can be matched with a particular manufacturing process. Using values, and creating values associated with human capital are different issues. The latter is much more serious, and depends not only on the employee. Becoming restricted to the former is a manifestation of thinking about values only in instrumental (functional) terms. The functional approach to values is not sufficient, because it disregards the issue of their creation. If we do not understand and do not define the social process of value creation, if we psychologise values and deprive them of social content, we will be unable to understand the way they are produced. We concentrate only on what they serve, not on what they result from. Additionally, if values are approached in terms of production, it is only natural that the process is subject to modifications and transformations, we cannot design it once and for all, and then only observe the procedure. If that was the case, the firm would never develop. And if it develops, it is only because its employees develop. Hence it seems that for a Firm-Idea it is more important to ceaselessly develop rather than to hire the right people.

We must, therefore, distinguish between existential and instrumental values. Both are necessary for firms to exist and develop. The basis of the firm's existence as a community of values are existential values, whereas the instrumental ones drive its activities. If existential values are eliminated, community – every

community – falls apart. At the same time, what disappears is the unique pro-cess of creating values that constitutes such a community. Existential values and instrumental values are supposed to mutually reinforce each other, fueling development. However, they may weaken one another if one leads to the dis-placement of the other. It depends on how a given community is organised and on the process of value production. The process that destroys existential values in order to maximise short-term instrumental values is wasteful and must fail. The process in which instrumental values are pushed out has no ca-pacity for self-renewal and will stop with time.

The economic theory of value should be based on the perception of two conceptual sequences that recognise the dual nature of the manufacturing process:

1. Values – norms – good – axiological-normative (institutional) order.
2. Values – capitals – assets – goods – operational (organisational) order.

If this is assumed to be the basis of the economic theory of a firm's value, on the one hand, values constitute overarching ideas that determine the axi-ological-normative order of a given community, and on the other hand, they become important social resources that generate the capital needed in the process of manufacturing goods. Values as ideas shape the institutional dimen-sion of a given social structure, and, at the same time, as resources, they are transformed in the process of manufacturing goods, which endows the social structure with organisational cohesion.

Such an approach allows us to notice that cultural capital is needed in the manufacturing process. It must not only directly produce of economic value, but without it, economic value cannot be produced. But then, without generating economic value, it is impossible to maintain or develop the cultural capital.

In a Firm-Idea, existential valuse and structural efficiency come first.[2]

The foregoing does not entail neglecting operational efficiency or instru-mental values, but they do not define the firm's identity. Without making itself aware of it, no firm will ever free itself of opportunism, because it has nothing

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[2] What I understand by operational efficiency is the capacity to generate a surplus, whereas struc-tural efficiency denotes the capacity to convert resources into streams. It is structural efficiency that underlies the development possibilities of a given entity. Even a high operational efficiency without structural efficiency leads to collapse.

else to lean on. Even if it loses the opportunistic game, it knows no other game, and cannot master it, because it will not understand its rules. Only a firm that gains developmental subjectivity may change its attitude to the customer. It will be capable of doing so and interested in empowering the customer, in strengthening, instead of limiting his autonomy, see him/her as a person and a partner, not just as a consumer.

Theoretically, it appears to be simple. Far from simple, however, is the route that needs to be taken in order to reliably adhere to these principles and to apply them effectively. If a firm undergoes a cultural reorientation and abandons its opportunistic orientation, it gains a competitive advantage that cannot be copied. Such an advantage cannot be purchased; it needs to be developed on one's own, which makes it original and unique.

The cultural reorientation of a firm is not a technology – it cannot be installed or programmed by consultants (at most, they can provide a part of the necessary knowledge). It must be discovered by oneself and in relation to oneself.

For a firm, this is obviously a huge effort and a challenge associated with the risk of weakening its market position and financial results. Such a reorientation will not be effective immediately. One must wait for the results. Partly because one can consciously start transforming a firm, but the path of change cannot be fully determined in advance. Following it requires reflection to ensure that in the future, the objective is not confused with the result. Hence the achieved effects are lasting and contribute to sustainable development. They constitute the milestones for the firm. Setting them, the firm becomes capable of self-development, empowers itself. It is capable of setting the next stages of its development.

The time required to rework (reorient) the company reflects, among others, the fact that gaining its development empowerment is supposed to result from the empowerment of its employees and employee teams. It needs time to get up to speed, it occurs gradually, in an evolutionary manner – it emerges and constitutes a transformation, not a transition. What is needed is perseverance and patience, because it is also a process of forming the social capital of the firm, the birth of trust and capacity to cooperate, to shape the firm as a voluntary community.

Opportunistic companies act in the present everywhere and whenever they can. In order to take advantage of every opportunity, they have flexible rules of operation. The operational dimension is crucial to them. Everything must focus on current performance. If not, immediate, imperious, top-down adjustments are made involving the organisation of work, staffing, and tools. The essence of this approach is clearly reflected in the observation made by Jeff Immelt, chairman of General Electric: "We've basically unplugged anything that was annual. The notion is that, in the digital age, sitting down once a year to do anything is weird, it's just bizarre." (Immelt 2016, p. 15).

In the opportunistic game, is not possible to reconcile interests, and since its time horizon is short, it cannot lead to the formation of long-term partnerships. Its participants condemn themselves to variable and ad-hoc coalitions, which allows them to operate, but significantly impedes their subjectivity and development. They can grow, expanding their size and area of activity, but growth is not the same as development. There is no development if the scale of activity is not charted on the timeline, if it does not reach into the future with its individual imagination. Their gravitational field is Newtonian by nature, which means that the participants in the opportunistic game move along a pre-determined trajectory. It is possible to change it as a result of collision or an external impact. It is not possible to do it as a result of a conscious choice. What counts in their activities are first and foremost flexibility and promptness of response, which gives them a competitive advantage in the market. In this respect, they strive for perfection. But, as a result, the lose the other features important for development, such as perseverance and reflexivity. They function in accordance with the business cycle, making appropriate adjustments by expanding or restricting their activity. In the opportunistic game, size offers economic clout and capacity to subordinate others. If the winner takes it all, small cannot be beautiful. However, if the economic sector in which they operate encounters structural shocks, opportunistic companies become helpless. Unless, of course, they have become too big to fail.

In the opportunistic game, there are no stable rules. Each player bends them to his advantage according to the cynical principle 'play as the opponent allows.' Accordingly, in such a game, the level of uncertainty is very high, which generates

additional costs broadly related to the security of exchange. If there is no trust, ensuring the security of exchange becomes very expensive, therefore attempts are made to pass the costs on to a third person. My own security rules even at the expense of the security of the entire system. In this game, security means avoiding the costs of one's own actions, or evasion of responsibility. Very often this is what is hidden behind the facade of the so-called corporate social responsibility.

It is believed that if the economic game is opportunistic and short-term, long-term stimulation must come from the state and be induced by public policy. A fundamental question arises, then, to what extent the participants in the opportunistic game are willing and able to respond to such signals. If the signals take the form of bans (restrictions), participants usually try to avoid or to remove them. However, if they are more like encouragement, the key is the economic strength of such a stimulus – it works if compliance brings higher immediate benefits than non-compliance. Such incentives cannot change the opportunistic nature of the economic game. Hence their impact will be very limited and it becomes necessary to institute frequent remedial stimuli… thereby increasing opportunistic tendencies.

Successive EU assistance programmes demonstrate that it is indeed the case. By design, such initiatives are supposed to trigger structural changes, which rarely happens in practice. The more resources available for innovation distributed by public administration, the less actual innovation and organic growth. Numerous national and regional governments dream of their own Silicon Valley. However, it becomes more and more clear – as Josh Lerner (2012), the author of the book about why numerous attempts to stimulate entrepreneurship and innovation by public authorities completely fail, observed – that they are a boulevard of broken dreams.

Finally, we must understand that entrepreneurship and innovation develops only in specific circumstances of an organically forming economic ecosystem which can only be partially and gradually shaped by public administration – by a politically independent and highly professional public administration. The primary component of such as system, however, are companies that have not yet become totally pervaded by opportunism. Thus, they are open and able to interact with others. If the aim is to develop rather than perpetuate a particular

state of affairs, top-down initiatives make sense only when they team up with harmonising bottom-up initiatives.

In the Firm-Idea, the process of value creation is more important than the product. The product can be made independently, but value creation is inter-active, it requires complex social interaction. It cannot be purely technological and algorithmised, it cannot be conducted in a closed circuit. It works like a spi-ral energised by inputs of different actors, which means that the disappearance of such inputs causes the ascending spiral, whose trajectory points upwards, to turn into a descending spiral.

Firms-Ideas are relational. Their activities are embedded in time in a different way – their actual time is not a given moment, but it is spread between the past and the future, between a unique identity and self-directed development. The key to their activity is the axiological-normative and structural dimension, and they are set on achieving structural efficiency, not only on operational ef-ficiency.

In spatial terms, relational firms operate where they have their partnership links, where their stakeholders, not just occasional customers, operate. Their partners are stakeholders, because they participate in the co-creation of values. Together they form a gravitational system that not only enables them to make their activity more dynamic, but also lets them gradually expand its space-time. The economic risk in such a gravitational system is distributed proportional-ly to individual contributions to value creation and is organically rather than mechanically insured. In such a system, doing things for oneself means, at the same time, doing things for others and vice-versa. It does not pay to abuse trust, act unfairly, because the system loses its strength and disappears (true, immediate results will occur, but so will the costs). The Firm-Idea is an enter-prise focused on a co-creation of value for all its stakeholders, not just on gen-erating profit for its owners.

The gravitational system created by relational firms can be compared to an archipelago, where there are islands with different equipment and different manufacturing capacities, which are well communicated and engage in an intensive multilateral exchange. They become an interdependent, cooperat-ing system, a system of multi-dimensional, mutually reinforcing interactions

and flows. As a result, each component of the system (island) gains additional strength and dynamism without losing its independence. Such archipelagos cannot, however, connect only enterprises, but must also include other types of entities, such as research centres, universities, and banks. Thus, particular economic clusters arise in a bottom-up manner, with strong local roots, but capable of territorial expansion and of meeting competition from continental giants. Their participants strive not to concentrate wealth and create monopolies, but to nurture an environment that would make room for others, including those not engaged in economic activity.

The emergence of such clusters is aided by an extensive network of small local or regional banks, e.g. cooperative banks, of which there are 1,121 in Germany (with a total balance of 730 billion euros) (Füks 2016, p. 369). They may also be helped by specialised international non-governmental initiatives, such as Forest Stewardship Council (FSC), which has built a global certification system for sustainable forest management and products derived from it. Today, the organisation has 500 members, and its guidelines are applied on 120 million hectares (ibid., p. 370).

The inspiration for the island and archipelago metaphor as a description of development comes from Nicolas Bourriaud's work *Relational Esthetics* (Bourriaud 2012). He contrasts the vision of an archipelago with a uniformly developing continent (p. 17). The continent implies imposing a holistic sense on history and development, whereas the archipelago allows for multiple narratives and development trajectories.

If we look at development from this perspective, we can see that it begins with local impulses, voluntary initiatives pursued and strengthened by communities of people guided by common values and striving for a specific, practical purpose (islands). In order to be able to achieve it, they need to communicate and work together with other communities, thus creating a network of relationships (an archipelago). And this is what triggers movement leading to social change – change understood as the generation of different standards and rules of co-creation of values, i.e. a different model of coordination of collective action. Such a movement is driven by the interaction of community-islands and by inventing new forms of exchange (resource allocation). It does

not have a linear character, is multidirectional and, most importantly, inclusive. Each island may join in of its own accord, and thus co-create the archipelago and contribute its resources and its energy to the movement, causing systemic change. More importantly, not all the islands have to interact with all the others. On the contrary, they should preserve their autonomy. Therefore, the point is not that they achieve homogeneity and form a continent, because it would block development, but ensuring more coherent individuality and subjectivity. Islands are supposed to remain islands – individual entities aware of their distinctiveness and the distinctiveness of others, yet they are not supposed to be isolated. On the contrary, they should seek interactive and partnership-based relations with other islands.

The archipelago may give rise to a number of different kinds of relationships. New opportunities emerge all the time – opportunities to experiment, to generate new forms of dialogue, to exchange resources, and create values, to test different solutions in a social context. This may be called hybridisation, but the process is not imposed or standardised. The archipelago will not operate in a pro-development manner in a network of connections imposed from above. There are numerous such links and lots of possibilities for forming new ones. Thus, the archipelago also becomes a constantly commonised space for communications and generation of meanings, a cultural space in essence, or to be exact, a multicultural one.

The empowerment of people will not occur thanks to a single social force, but may gradually emerge as long as the vectors of various social forces (the state, territorial communities, education, culture, civic activities, entrepreneurship, media, law, etc.) work to that end. In particular, they should ensure access of individuals and groups to the resources and competencies that play a fundamental role in subjectivity, including self-knowledge and tools for its generation combined with the capacity to critically receive and use the available information.

The adjustment of vectors of each of these forces is important and necessary if there is to be a socially responsible market economy. We must act in the belief that if the economy does not develop in this direction, it will be ousted and replaced by a statist economy with all its anti-democratic and anti-social consequences.

Accordingly, instead of uncritically thinking that we are living in an era of change, we should notice the change of an era. In the former case, authorities think about what people want in order to please them (people want more and more ever newer things), whereas in the latter case the key question is what people are able to create and what to do to enable them to do so.

The gravitational field of opportunistic companies traps them. Most of them cannot find a way out – they keep playing the game even though they have ceased to win, they play until they collapse or are taken over by a competitor. They lose their independence and autonomy. This is what happens if ad-hoc transactions replace partnership-based relationships and start to constitute the major component of the fabric of the economy. Finding an exit is not easy, because it is usually looked for outside, not inside the firm. Only a change in the definition of the situation and a change in the mental model enables them to find a way out. This is not to say that everything depends on the company itself, that it is enough if the company wants it. But if it does not want to operate in a different manner, it will never be able to do so. In a different manner, i.e. not opportunistically, means to develop one's idea and consistently implement it in a given environment. A single firm cannot change it, but it can try to change its relations with selected entities of that environment, try to embark on a long-term partnership-based cooperation. Even if it only partly succeeds in this area, the firm improves its capacity ability to act both within itself and in its environment. This is what turns out to be the way out of the trap of the opportunistic game and the way into another field. In this field, the rules of the game are different, as is its institutional framework. These rules must not only relate to the market, but also to other dimensions of social life. Only this will enable the Firm-Idea to take shape and form its appropriate value-creation process.

While in the gravitational field of an opportunistic game evading responsibility is rewarded and results in tangible benefits, in the relational game, it results in isolation and being pushed out. If it is a utopia, it is naive, even foolish to believe that the market economy based on opportunistic rules can survive. Already in 1976, Robert Heilbroner, announcing the twilight of the business civilisation, wrote: "No other civilisation allowed the economic calculations of selfishness to dominate the whole way of life to such an extent; no other civilisation al-

lowed this type of motivation – the narrowest, most restricted of all possible – to be elevated to the rank of almost a categorical imperative." (Heilbroner 1988, p. 103). I am convinced that this prophecy can be reversed, a way out to different formula of the market economy – a socially and ecologically responsible one. It consists in the transformation of opportunistic firms into Firms-Idas, and, in consequence, the transformation of the transactional economy into the relational one.

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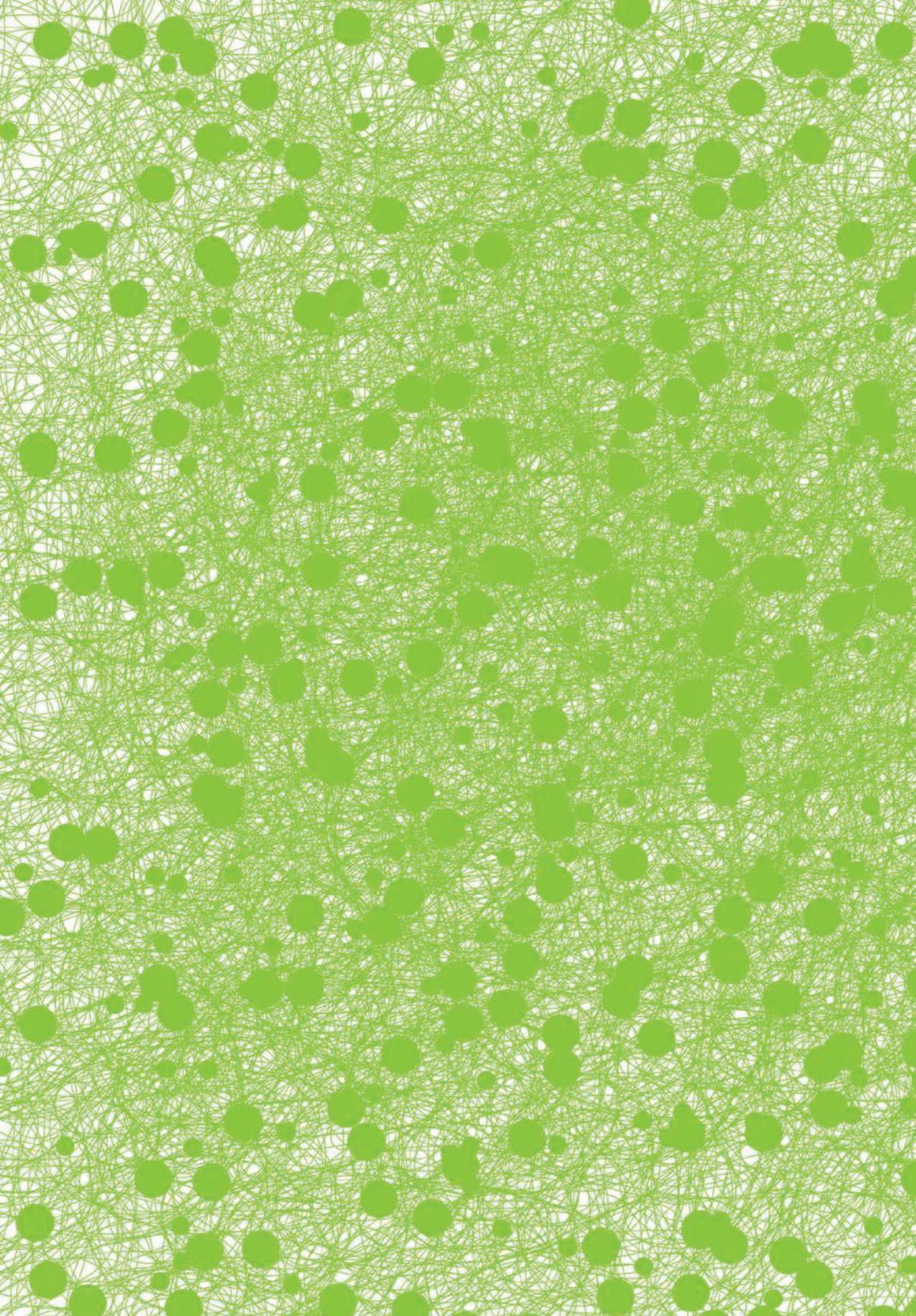
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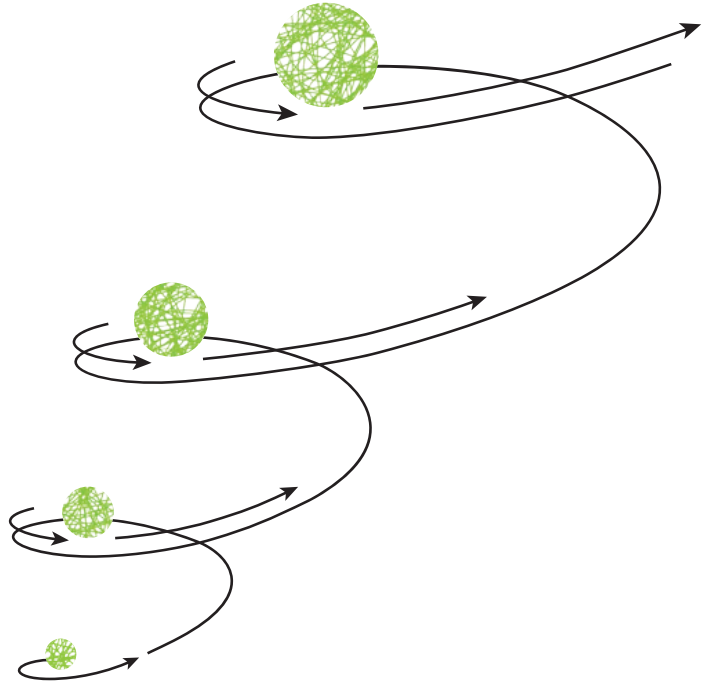
THE CITY-IDEA –

a new approach
to urban development

Introduction

The city is the greatest innovation in the history of mankind. Cities are more permanent than countries, they survive through history, but at the same time change without losing their essence. Thomas Pynchon perfectly understood this fact, when in his monumental novel *Against the Day* he described Lvów-Lviv-Leopolis-Lemberg – a city which has occupied the same place for centuries, even though it has changed its state affiliation a number of times. Regardless of these changes and the related migrations, it is still founded on its myth, a kind of city code, its unique DNA – unchanging, yet constantly evolving.

The same is the case with Rome, although the Roman Empire ceased to exist long ago. Wroclaw and Szczecin, despite the change of borders and the virtually complete exchange of population after 1945, still remain cities whose roots reach back hundreds of years. Warsaw was doomed to extinction, yet it managed to rise from the rubble and still remains Warsaw, although it resembles a city by the same name from before the Second World War only to a certain extent.

This permanence and unusual resilience is the source of deep admiration over the city as an expression of the best – if not perfect – of all the known ways in which human communities organise their lives. Edward L. Glaeser even writes about the triumph of cities, and Benjamim Barber would gladly have mayors rule the world. Is their admiration not exaggerated? What about fallen cities such as Detroit? What about the structural problems of many, if not most modern cities: debt, excessive and inefficient consumption, commercialisation and fragmentation of public space, infrastructure degradation, deteriorating quality of public services? Is it really a triumph, or rather the crisis of the cities, as argued by Krzysztof Nawratek?

He is not alone in his doubts. An often quoted portion of a World Bank report reads: "It is the strongest cities that cause today's socio-economic imbalance in the world by dividing people into rich and poor, by allowing the more 'resourceful' and 'prudent part of society to accumulate capital, pushing into the social margin the part of the city residents who cannot cope under the free market conditions." (Planning 2013, p. 22). On the other hand, as Charles Montgomery (2015) emphasises, cities generate the greatest negative environmental effects, including the greenhouse effect, and they experience its gravest consequences.

However, it cannot be otherwise since currently in the OECD countries 70–80% of the population lives in cities, and by the end of the 21st century, 85% of the world's population will be living in cities (The Metropolitan 2015, p. 30). Cities and the processes that occur in them are simply the symptoms of modern civilisation. So if we agree today that it has found itself in a multi-dimensional crisis, it is largely a crisis whose roots must be in the cities. And it is the cities where the decisions about the uncertain future of the world must be sought. Today, cities are the future laboratories in which new forms of so-cial life and the production of what is common are discovered and invented. Cities constitute the focal points of economic activity, innovation, and the creation of culture. That is where new ideas arise. Cities must develop forms of governance and management in response to the increasingly complex challenges important from the point of view of their development.

Preparing this text for the Open Eyes Economy Summit – an economic congress whose first edition will be held in November 2016 – we decided that the search for new economic ideas and business solutions will be easi-er if we take a look at contemporary large cities from a different perspective than previously. Hence the text and our intention expressed in its title – in-stead of thinking about an ideal city, we are wondering how to guide the development of specific cities, which must formulate their ideas for this purpose.

Cities are the subject of numerous analyses and studies. More and more new concepts of how cities should operate and develop are being formulated; we refer to them throughout this text. The distinctive features of these concepts were pointed out, among others, by Ash Amin and Nigel Thrift (2002, p. 3), namely their strong emphasis on the openness of urban space and the impor-tance of the different types of flows that shape this space – flows of people, goods, financial capital, and information. Thus arises the conviction that cities in particular must strive for the intensification of such flows and must compete in this respect. In this paper, we try to look at cities from a different perspective – the use and accumulation of their own potential and resources. It is here that we perceive their subjectivity and development capacity.

Problems inherent in urban management

The current paradigm of managing the city and its development that consists in imperative management has run out of steam. This opinion is shared not only by the researches of urban issues, but also by practitioners, presidents, and mayors discovering that the methods which worked a few decades ago, today, do not bring about the expected results. The problem was noted and described as early as in 1973 in an excellent article by Horst W. J. Rittel and Melvin M. Webber (2014). Commenting on the experiences related to urban planning failures, they concluded that such failures essentially result from the fact that traditional planning is inadequate in the face of wicked problems. And the development issues faced by the modern cities – organisms with a developed infrastructure and a diverse social structure – are indeed wicked. What works in the case of relatively simple problems occurring in systems at a low level of complexity, ceases to be appropriate in relation to problems typical of complex systems.

A technocratic and imperative approach fails. Complex systems, which the quoted authors call open interactive systems (ibid., p. 82) work in a non-linear manner, they are characterised by unclear and irregular causality and blurred space-time boundaries. Therefore, **the application of conventional and universal solutions is doomed to failure**. Moreover, in systems whose key component is a varied social structure, it is difficult to determine the success criteria, since the various actors involved invoke different values. **In such systems, it is impossible to declare that a given problem has finally been solved.**

Without doubt, problems in their case cannot be solved once and for all either objectively (as a result of their indefiniteness or wickedness) or subjectively (each solution is and will be challenged). **The only thing we can do is to assume that a given problem has been solved satisfactorily for the time being**. But it is still there and it will require further action, which cannot be planned or anticipated. It will still demand attention in order to be unravelled. In consequence, a much greater freedom of action and adaptation is needed than in simple systems. Still, all possible resources must not be held by a single entity; what is needed is the capacity to use such resources if necessary, even though they have different autonomous keepers.

The key concept in Rittel and Webber's approach is wicked problems, which they define as follows: 1) they have no definite formulation, 2) they are not based on the principle of finiteness, 3) their solutions are only more or less good or bad, 4) whatever has been be solved, cannot be considered to be ultimately resolved, 5) no solution, no matter whether it is good or bad, can be generalised, 6), in fact, there is no finite set of potential solutions or measures for their implementation, 7) each wicked problem is unique, exceptional, distinctive, 8) any wicked problem may be a symptom of another problem, 9) any wicked problem is open to many interpretations, and the way we perceive it determines what we do in order to solve it, and 10), the planner has no right to make a mistake.

The contemporary city

Rittel and Webber formulated their observations nearly half a century ago. Today, problems have become even more wicked as a result of a number of contributing processes. The development of cities and regions is becoming more internationalised and globalised, which blurs their space-time boundaries. The point is not only – as used to be the case in the previous industrial era – to relate the development of a city to its national (domestic) or possibly its cross-border context. Currently, these external references are much more complex. In the information civilisation, big cities have become hubs of global and continental networks of flows and relationships.

As a result of the post-industrial transition of economies, their employment structure has also changed – workers were replaced by employees of the service sector, industrial districts gave way to office buildings, and manual effort was replaced by mental and creative work. As a result, not only the level of general education, aspirations, and needs of the city residents have changed, but also the forms of living together and the expectations of urban space. Such changes always lead to the evolution of individual and collective subjectivities, which is reflected in new social, cultural, economic, and political initiatives.

Another very important factor contributing to the complexity of managing the modern city is the spread of new techniques of communication and information processing. This has a number of consequences – from the transformation of the

urban space towards a multidimensional hybrid space, in which the main coordination mechanism is information management, to the transformation of ways of knowledge production and social self-knowledge as the basis for action.

As a result, system-based interventions (reforms) based on the factorial approach which focus on defining the expected products are no longer as effective as before. Even if such targeted interventions improve the functionality of a certain part of the system, they no longer prevent its broader dysfunctionalisation. What is needed is a process-oriented approach. Measures should focus on developing new adjustment mechanisms, not on the deployment of individual change factors. In this approach, the purpose of any remedial action is not to achieve a specific, predetermined, measurable effect, but to shake the system out of the rut and to switch to another way of thinking – a different development trajectory.

Success cannot be assessed directly or using a single measure. It is only possible to use an auxiliary set of indicators which show whether, in general, the system works better than before and whether it has achieved higher adaptive capacity. Such an approach requires humility on the part of decision-makers with respect to the social world. It is tantamount to the recognition that it is impossible to attain any target state and that there is no ideal world.

In practice, the adoption of such an attitude means that we focus our efforts not on the results of action (which does not mean that it is not important), but on the adjustment process – on development. The concept of 'process' in this case is not tantamount to a predetermined procedure. It is not about algorithmisation or standardisation of procedures. On the contrary, **in the case of open interactive systems, operational objectives – the focus on results and products – must derive from a more general goal: an axiology, a set of values and norms**. Before moving to instrumental actions, 'the how?', it is necessary to decide 'why?' we have decided to do it, what overarching principles we follow in order to determine which methods are acceptable and which we reject. In consequence, we do not think about the instruments themselves, but about the mechanisms, trying *ex post* to assess whether they actually allow us to achieve the partial objectives and whether they do not lead to the pathologisation of the system (its permanent and irreversible dysfunctionalisation).

Intellectually, we move in two orders – the praxeological one and the axiological one, taking into account what is possible (instrumental) and what is proper (existential). Although it is difficult, it is possible, but only by overcoming the limitations of self-reference and by engaging in a discourse and communication relationships with other actors. As a result, we gain the capacity to participate and to observe at the same time. We enter the path of governance, which leads us to a situation in which public governance becomes the core of our activity and the dominant strategy. We make the system in which we operate open and interactive, and thus increase the complexity of the social world, improving its development potential, in other words, its adaptability.

Management and knowledge

Rittel and Webber rightly emphasise that the process model of action entails a specific approach to knowledge. In the case of simple systems, problem definition derives from the collected information. The next step is to design an appropriate solution. However, with regard to wicked problems such a procedure fails. Here, identifying the problem turns out to be the same as accepting its solution. "The problem cannot be defined until the solution has been found." (ibid., p. 86). Consequently, there can be a lot of definitions, but none of them is either complete or conclusive.

Defining (redefining) the problem occurs unceasingly together with taking action. The *ceteris paribus* principle does not work. Action taken in a given situation alters it, hence there is no return to the starting point. In this sense, action means constantly escaping forward, which implies that we have to constantly determine where the 'forward' is, since we know that there is no return. Only when we have established (or agreed) where it is, can we evaluate the usefulness of the information.

If we do not know where we are going, we operate in an informational chaos. It is impossible to understand the problem first, and then to solve it; we must start solving in order to be able to understand. In this case, understanding is a function of the interaction and discourse involving different actors, each of which has its own (partial) knowledge and holds part of the resources. This

entails knowledge sharing. And the solution is to share the resources, the risk, and the responsibility.

Starting such an active-cognitive process offers us the opportunity to make the problem less wicked and facilitates concerted efforts taken by various autonomous actors. Wicked problems cannot be ultimately solved, yet we can unravel them together and take effective, though selective, fragmentary actions that can bring measurable and lasting results. Thus, we can derive simple problems from a given wicked problem, but their solution – in line with the logic of instrumental action – does not cover the entire field affected by a given wicked problem, neither is it tantamount to finding its definitive solution. Incremental activities (fragmentary and gradual) are demonstrably useful and can be effective, but only if they constitute a coherent part of a broader perspective on the problem at hand and inspire more broadly planned actions. They cannot take too long, because the reality does not stop. The situation keeps changing, hence what is appropriate at a given stage of development, will lose its applicability at the next one.

The greatest intellectual difficulty in dealing with wicked problems consists in grasping them at a sufficiently high level of generalisation, in appropriately 'separating' them from their context. On the other hand, excessive generalisation means that concerted, deliberate, and agreed upon action becomes impossible. It is not feasible to solve, or to grasp too much at once. It is also a mistake to adopt to narrow an approach to the problem, to simplify it too much. True, it is easier to take action, but it does not usually lead to meaningful results. With time it becomes clear that these actions are sham. Dealing with wicked problems – note that today modern cities mostly deal with such problems – is equivalent to introducing irreversible change. Any attempt to solve a given problem is significant, because it produces a new situation. We cannot aim to restore the lost balance, and the point is not to restore any balance, but to give direction to change that is inevitable anyway. By setting it off, we can only make sure that the new solution prevents the occurrence of extreme imbalance, which may trigger destructive consequences.

Every wicked problem is unique – the only one of its kind. Hence it is impossible to transfer the solutions applied in other circumstances to the conditions

with which we are currently dealing. True, the accumulated knowledge and experience, including their external sources, can be very useful, but every solution in order to be effective must in one way or another be creative and original.

It is worth mentioning a fairly pessimistic saying by the already quoted urban planners "(…) we still have neither a theory that clearly defines the social good nor one that would allow us to minimise the wickedness of social problems or help us to solve the problem of justice caused by the growing social pluralism. We are inclined to think that these theoretical dilemmas may be the most wicked problems that we will soon have to face." (ibid., p. 93).

The text was published over forty years ago, yet the final warning still appears to be justified. That does not mean that we are helpless in formulating the concepts that facilitate the definition of the common good and the rules of justice as well as the key socio-economic factors that decide whether or not a given city succeeds in an increasingly diverse society. In order to tackle the problems of the modern city, we must first of all look at it through the axiological perspective, from the point of view of the complex process value creation, and thus start with **the idea of a city**. In this sense, it is not a single idea applicable to all the cities, but an approach which will allow every city to define and implement its development idea. That is why this text is devoted to the City-Idea, or, to be more accurate, to how cities can become Cities-Ideas.

The idea of a city

Every city is different. There is no generic city, although years ago Jacek Dukaj described Warsaw in the following terms: "I don't live in Warsaw. I even very rarely visit it. Distancing myself immediately from any sentimentality, I confess that I do not have any special positive feelings towards it. But to be able to say that I am indifferent to Warsaw, first I would have to recognise it well in its separateness from other cities in its 'Warsawness:' in order to ignore something, one must first be aware of it. Meanwhile, when I'm in Krakow, I know I'm in Krakow, when I'm in Wroclaw, I know I'm in Wroclaw, and when I am in Warsaw – I know I'm in a city." Today, when he comes to Warsaw (as he admitted in an interview) he knows that he indeed is in Warsaw, in a particular city.

So what determines the tangibility, the uniqueness of Warsaw, Wroclaw, Lodz, or Paris? Its 'brand.' Modern marketing experts, who argue that cities are simply products that need to communicate their presence in the market as the most attractive and convincing way to stand out in the crowd of competing centres, would certainly like it to be the case. Or maybe their uniqueness is determined by their 'spirit' embodied in the urban ethos, or "a set of values and ideas generally accepted by the residents of a city," as claimed by Daniel A. Bell and Avner de-Shalit (2011)? This ethos is the result of both the impact of material fabric of the city and the effect of socio-economic, cultural and political processes that take place in a given urban area.

The city ethos corresponds well with the observations made by Joseph Rykwert, who in the preface to the Polish edition of his book (2016) reminds us that "the city was not just a rational solution to the problems of production, marketing, circulation and hygiene – or an autonomous response to the pressure of certain physical and market forces – but that it also had to enshrine the hopes and fears of its citizens."

In other words, the city – which was realised already in the antiquity – is also a physical space, an materially developed (the Romans *urbs*) social space, *civitas*, or a community of citizens living an a designated area, connected by spiritual and legal bonds (the latter understanding comes close to the Greek *polis*) (Izdebski 2013, pp. 22–23). Rykwert notes, however, that modern city planners have sidestepped the dimension of *civitas*: "The conceptual structure within which they planners work is conceived to avoid the question of imposing any kind of order of a non-economic nature." (Rykwert 2016, p. 4). And further, "True, the way of owning space is intensely studied, but only in its material aspects of ownership and attractiveness. Psychological, cultural, legal, and religious spaces are not treated as aspects of the ecological space; the urban planner is focused on its economic aspects." (ibid., p. 5).

The failure to notice *civitas* results in a time-limited approach to the city. It becomes enclosed in the present. Even if its historical pedigree is acknowledged, it is primarily as a material heritage that creates specific capacities and limitations; it is something with which we have to materially cope here and now. The past is what is given and is important inasmuch as it is not the object of action. It is

closed, as if 'transfixed' by what is now subjected to certain engineering treat-ments. Montgomery writes about this issue "The error in reasoning which had perhaps the greatest influence on the shape of our cities is called presentism. The point is that we allow what we see and feel today to influence the way we look at the past and the future. Therefore, we usually tend to assume that our ways of thinking and our methods of operation will remain unchanged despite the passage of time." (2015, p. 143).

Thus, the present obscures the future. Urban planners focus their attention on addressing directly the physical and the most urgent problems. If city au-thorities take future into consideration at all, development is interpreted as the issue of scale and size, that is, in quantitative terms, rather than in terms of qual-itative social change. If the imagination urban planning is operating at all, it is in the form of statistical inferencing and engineering extrapolation. The future is just a continuation.

If city planners neither see nor recognise all the dimensions of urban space understood simultaneously as *urbs* and *civitas*, designing the city loses its idea. **The city must first be 'symbolic,' and only then can it be 'engineered.'** The disappearance of the cultural perspective of the city weakens its developmen-tal subjectivity. It objectifies itself and starts to resemble other cities with similar physical characteristics. Cities need ideas just as sailors need a compass – it is a strange artefact composed of intentional and accidental elements, not fully controlled. It develops in a contingent manner, which means that it is neither determined nor random. It occurs under certain conditions, but as a result of choices made by a number of different actors. The problem is what guides them in making their choices. Are they guided by a certain idea of their city and what it stands for, or do they act here and now?

What, then, it is the idea of a city? It is the process of value creation specific to that particular city. In order to grasp it, one must realise that the city is not only a physical space (developed materially, civilisational, objective), but also a social one (interactive, cultural, individual). The organisation of urban space must take this into account and foster the establishment of different – in-dividual and communal – ties and social relations. As Montgomery points out, "(...) the city as a certain social project requires that we not only live together,

but also that we develop together and be able to flourish thanks to the understanding and awareness of the commonness of our lot." (2015, p. 66).

Therefore planners so strongly emphasise the importance of pedestrian traffic and frequent meetings of various groups of inhabitants, recommending that e.g. every resident could reach a city park on foot within ten minutes. Only then then does the city become a big generator of different values –- existential and instrumental ones (Gehl 2014).

Urban planners (following regionalists) use the term *territorial capital* or *location attractiveness*, thus defining an association between physical space and social space specific for a given territory (territorial organisation). This association makes it possible to start and maintain the value creation process. Another concept that serves to capture this relationship is *territorial cohesion*. It recognises both the material and the social dimension of a given territory, but sees them as mutually interdependent. Thanks to the growing sense of cohesion, the generally understood utility of territorial resources increases (Zaucha et al. 2015, pp. 9, 15).

These concepts are necessary for us to understand that the transport system of the city cannot be subordinated to how easy it is to get from one place to another, or to the needs of transportation, but to the development of the city as a coherent territorial space. In Detroit, in response to every problem the city authorities built new roads, but people kept moving out. Any one-sided functionality aimed to improve operational efficiency in a single segment, with time hinders development. Among others this is what justifies the drive to reduce the use of individual means of transportation in city centres. The centres of industrial cities were refocused to cater for the convenience of individual means of transportation. Excessive traffic intensity in the area drives out a number of activities important for the city's development, and above all, leads to limited contact among residents.

The current revitalisation efforts aimed at the centres of large cities also constitutes a response to the progressive commercialisation and privatisation of space in recent decades. This process resembles the fencing of pastures in the initial period of the capitalist economy. Expansionary policy of companies that build apartment houses and stores in the very centres of cities is just as ruthless as it is destructive to urban space and social ties. We are dealing with the phe-

nomena of 'space shredding' and 'landscape appropriation.' Once, in Krakow, a view of the historic Wawel castle from Dietla Street was a common good, now one would have to buy an expensive apartment 'overlooking Wawel' in order to be able to see the castle from the same perspective. Similar examples can be seen everywhere. Luxury estates constitute an expression of the modern tendency of the urban society to distance itself from 'strangers.' Gated communities and monitored estates are a symbol of professional success and social status for their residents, reflect the need to fence itself off from the less affluent section of society. It erects a wall through society, reinforces social divisions, even within the middle class itself. It also leads to a rapid shrinking of the common public space. As Montgomery says, the existence of public space determines the quality of life to a greater extent than individual consumption (2015, pp. 20–21). Further, he adds that "social isolation just may be the greatest environmental hazard of city living – worse than noise, pollution, or even crowding." (ibid., p. 84). Improving public spaces immediately results in their increased use, and thus contributes to a larger pool of values and development of the city (ibid., p. 32).

At its roots, the concept of City-Idea is not yet another universal idea of a city that provides the model of an 'ideal city.' We are quite far from suggesting anything along these lines. Our aim, however, is to emphasise that in order to develop every city must define its idea, by which we mean a city-specific process of taking advantage of the development potential and value creation. Hence it is not a city development model, but a normatively presented and empirically embedded approach to its development concept. It is a concept, not a formula.

The existence of any city as a community is founded upon existential values, whereas instrumental values drive its actions – such values need to be strengthened, because they provide the basis for development. This approach helps us to realise that the process of generating value requires cultural capital. On the one hand, it must not serve only the direct production of economic value (although without it, it is impossible to deliver economic value), and on the other hand, without producing economic value it is impossible to maintain or increase cultural capital. The main priorities of the City-Idea are existential values and structural efficiency.

The City-Idea draws its development energy from the capacity to generate value in the sense described above, not limited to the instrumental realm. Such a capacity is not attributed to the activity of any single social actor, including city public authorities.

Public authorities in the City-Idea

City authorities obviously have an important role to play. The point, however, is not that they do certain things themselves, but the fact that their interventions stimulate appropriately targeted actions undertaken by autonomous actors.

Let us once again quote Rykwert's position expressed in the preface to the Polish edition of his work: "The image of the city as an entity that mindlessly and instinctively reacts to external stimuli was highly favoured by the then urban theorists. If one considers the city as a 'natural' product, in consequence of discovering the 'laws' of growth – market forces or streams of traffic – and subordinating one's actions to them absolves planners and architects from responsibility for their intentions, and hence for value judgments, and at the same time allows them to avoid having to use any kind of fancincess." (Rykwert 2016).

On the whole, interventions of municipal public authorities indirectly stimulate city development. Such interventions must be sporadic, not total, but they must also be focused to make sure that by acting specifically – dealing with specific points and factors – they produce wider spatial and process impacts. A if so, the interventions undertaken by a city's public authorities must reflect their lateral thinking instead of the linear one, an, in particular, must address the issue of supply of certain resources from outside the city. The problem is that such a supply should complement the city's own resources, strengthen and mobilise them instead of replacing od displacing them. Otherwise the city's development becomes dependent on the inflow of external resources, which must eventually be depleted, leading to stagnation. The city cannot develop without such a supply, but the point is that it must be selective in order to assist its capacity to use and develop its own resources (internal). The development of the city will then be interdependent with respect to other territories. And that is the point.

What does it mean to effectively use the urban development potential? It is particularly important to appreciate the difference between stocks (resources) and flows that they generate. Any effective action requires access to a supply of resources that are used for the production of certain goods. Effective action means that first of all the value of manufactured goods should be higher than the value of resources used in their production, bringing a surplus that makes it possible to continue the activity. However, the stocks needed for the manufacture of goods are used up. Hence the flows generated by the use of stocks must not only produce a surplus, but also make it possible to replenish them in sufficient quantities in terms of scale (the objective aspect) and nature (the subjective aspect). If we approach the issue in this way, we must distinguish operational efficiency, or the capacity to generate a surplus, from structural efficiency, or the capacity to permanently convert resources into flows. Operational efficiency, in the case of a company measured by profit, is necessary for it to be able to continue in business. But it is structural effectiveness that is crucial for the development possibilities of an entity (organisation) engaged in such an activity. If the entity is not structurally efficient, even when it achieves a high operational efficiency, it in fact, operates wastefully, which leads to stagnation and collapse.

The complexity of the issue under consideration is mainly due to the fact that every human activity involves the use of resources that do not belong to a given entity and are not produced directly by it. In the course of any activity that we pursue, we use environmental resources. Today, we are experiencing the dramatic consequences of a structurally inefficient use of such resources. Hence the pressing need to conduct our activities in this area in a closed-loop manner. The approach is called circular economy to reflect the fact its main assumption: any use of the environmental resources must enable the environment to re-create or regenerate them in order not to lead to extreme environmental imbalance that threatens people's existence. Such a reasoning is common in the case of activities which are mainly based on the use of natural resources, e.g. agriculture, fishing, and forestry. This does not mean that a wasteful economy has been completely eliminated from these sectors, but its manifestations and effects are well understood and predictable, moreover, procedures and

processes are developed that inhibit the their predatory nature. They are imposed and promoted by the state, but also due to the pressure on the part of consumers and reflection on the part of entrepreneurs. However, the thinking about the circular economy should focus not only on natural resources, but also on all types of resources, including those produced by humans. It is important, because their renewal is not automatic; it requires organised efforts.

If we approach the functioning of the city from this perspective, we will notice how important it is not only what kind of flows (current income) are generated by the available resources. It is fundamentally important whether these flows are targeted in a way that that contributes to the deployment and development of those resources, in particular those that specifically stimulate certain flows. And if certain resources cannot be developed (e.g. due to restrictions on tourist traffic), it is crucial to focus the flows on the emergence of such resources that will allow additional (complementary) and/or alternative (substitutional) kinds of activities.

For example, tourist traffic should not concentrate only on certain highlights (buildings) of a given city. The city must not passively accept the dominant types of tourism. Still, the attractiveness of a city for tourists must be used to develop other forms of professional and creative activities of residents, in particular those that do not stimulate additional tourist flows.

In this context, the warning given by Ada Colau, mayor of Barcelona, sounds especially serious: "It's paradoxical, but uncontrolled mass tourism ends up destroying the very things that made a city attractive to visitors in the first place: the unique atmosphere of the local culture." And further, "Any city that sacrifices itself on the altar of mass tourism will be abandoned by its people when they can no longer afford the cost of housing, food, and basic everyday necessities." (Borejza 2016). The conclusion is obvious. A city which begins to live mainly off tourism is a city with quickly rising rents and living costs. In the end, it becomes a city to be seen and used, but unfit for its residents. Lowering the potential of a city through the predatory exploitation of endogenous resources exerts in practice a negative impact on its competitiveness, quality of life, spatial coherence, and attractiveness from the point of view of the key entities that build the prosperity of the city.

Unfortunately, most Polish cities tie their growth to the decisions of investors, even though they should primarily care about the relationship between meeting the needs of their residents and their own individual and collective activity aimed at creating conditions conducive to meeting these needs. If investors play the most important roles in a city, the latter ceases to be a community of residents. Entrepreneurship is one of the key factors shaping prosperity, even though we accept the view that the city is for its residents, not for investors. Entrepreneurs create jobs, pay local taxes, intensify economic processes at the local level, but their actions must not contribute to the deterioration of the city's potential in other areas. Investors can devastate a city in a similar way as tourists do. Attracting the investors' resources is therefore needed, but in order to mobilise the residents' own potential, not to displace or marginalise it. The city becomes a community primarily not because it allows its residents to have their say, but because it founds its development on their economic and creative potential.

If Krakow has become an attractive centre for international corporate business services, it should certainly enjoy the creation of over fifty thousand new jobs for young people, especially students and graduates of Krakow's universities, as well as the fact that it generates a significant flow of income and consumer demand. Yet at the same time we should reflect on what that those young people do, what skills they actually acquire, and what their future development prospects are. It may turn out that soon this wave of foreign investment drifts away from Krakow, leaving an economic gap. It is therefore important to note whether the international corporations conducting their profitable activity ad hoc exploit the available resources, or whether they contribute to their development, including a noticeable improvement in the quality of human capital. If the latter condition is not met, it would be hard to conclude that the inflow of this kind of foreign investment contributes to the development of the city and increases its development potential.

The remarks above lead to the conclusion that the inflow of external resources cannot be automatically considered to be a sign of success for a given city, since, as it often happens, it may lead to a unilateral exploitation

and draining of its resources actually lowering its development potential. Any measures of city development should be related to the use and multiplication of its internal resources, or the capacity to maintain and increase its development potential. This derives from the inherent processes of value creation in a city, based on the activity and creative potential of its residents. Simply put, the wealth of a city comes from such use of its resources that leads to their organised development. Thus, it is primarily due to structural, not only to operational efficiency.

This point of view clearly differs from the views of a number of proponents of developing the competitiveness of cities based on the inflow of external resources, in particular, the leading global companies representing global-league business strategies and generating demand for specialised services (Geodecki 2016). This group of experts believe that city development depends on a crucial partnership of its authorities with business. They postulate that city authorities should:

- Together with business leaders, analyse the needs and obstacles that the latter encounter in their activities;
- Pursue infrastructure projects in cooperation with companies and representatives of relevant sectors of the economy;
- In partnership with companies, develop initiatives in skills development and investment in educational institutions to meet the needs of businesses;
- Support industries with a solid economic potential through joint public-private initiatives, not unilateral actions (Competitive 2015).

For that reason, the policy of city authorities should move away from managerialism (public management) to entrepreneurship (Competitive 2007). This line of argument is reinforced by the claim that globalisation processes resulted in the emergence of city networks. As pointed out by Manuel Castells (1989), "The city is not only a 'space of places,' but with the increase in world interactivity, it is also increasingly becoming a 'space of flows.'" Networking resulted in increased competition amongst cities. Yet in consequence, such competition demands managerial behaviours. Cities must operate like companies.

The one-sidedness of such thinking offends growing numbers of economists, including those specialising in the issues of competitiveness, which is supported by Tomasz Geodecki's observation: "The most fundamental issue appears to be, however, the concern for the needs of residents, since excessive focus on attracting investors and on satisfying the tastes of the incoming rich urban specialists can harm the sustainable development of the local community, which constitutes the city's foundation. Attracting external resources, therefore, should not obscure concern for local resources – a good infrastructure, direct and rapid links with the world, and golf courses are no long-term substitutes for a well-educated society, local technological base, and good housing conditions. As in any competitive strategy, the consequences of a short-term approach can be dire." (2016, p. 122).

The relationship between the inflow of resources from the outside and the use of domestic ones is well reflected in the so-called creative industries sector. It is impossible to develop this kind of sector without an international, and today, even a global market. It does not mean, however, that it is enough for the creative industries to become an important sector of a city's economy in the long run. Creative industries operate by commercialising cultural resources and in this way they generate income streams for its various participants, yet this does not automatically lead to the reproduction and development of these resources. This may, but just as well may not be the case. It depends on the extent to which the generated income is recursively incorporated in the development of cultural resources, which are then used to generate these flows. Otherwise, the creative industries can quickly turn out last as long as sand castles. The market alone will not produce such a circular flow, on the contrary, it will rather tend to destroy it.

If a city's development plan emphasises the creative industries, its authorities must reflect on how to create a circular flow in this regard so as to prevent predatory behaviours, or to be able to effectively determine the rules and boundaries of commercialisation of urban heritage and cultural resources. City authorities counting on the creative industries should think, among others, about stimulating cultural and artistic education of young people. Appropriate funds should be skilfully obtained from those whose business profits de-

rive from the use of this particular resource. We repeat, however, that thinking about the circular flow of resources (circular economy) is necessary in all kinds of activities located within the city space. Otherwise it loses its development opportunities.

Each city must determine its own development idea, its path of subjectivity. The strategy is not to imitate. Although there is a research area that tracks the 'city development paths' and 'modelling development', and aims to monitor the consequences of decisions concerning the development taken by cities with similar business profiles, it should be emphasised that the key factors are the characteristics of an individual city (uniqueness, its own DNA) and the specificity of its external environment. Its own strategy must determine the actions and measures to ensure that the relationship between the use of its own potential and the inflow of resources from the outside favours its development. What is needed is a unique balance of flows between the city and its environment. The focus, however, should not rest exclusively on such flows. The cult of mobility is a mistake, because if resources can easily flow in, they can just as easily flow out. What is important is not so much the scale of flows as the structural capacity to utilise the available resources.

A focus on the flow of resources is a manifestation of one-sided, factorial, often monofactorial thinking, while disregarding the significance of complex mechanisms of development. Often at the root of such thinking there are the interests of one group of residents of the big city – its metropolitan class – profits from the intensification of flows, but often at the expense of the development of the city as a whole, and thus has a destructive impact on it. We now better realise the negative impacts of mortgage as an instrument for leveraging commercialisation in cities. It is now clear that it became so widespread, because international banks profited from it and were able to pay high bonuses to their managers and employees. Such actions lead to the polarisation of the economic potential and increase social stratification according to the principle described in the theory of cumulative causation: "the rich get richer and the poor get poorer," and all this will be coloured by ostensibly better quantitative indicators reflecting the socio-economic potential of cities.

New urban ideologies and the City-Idea

Rykwert's classic and historical work extensively quoted in the previous section singles out for criticism the advocates of modernism in urban planning and in architecture. Montgomery has this to say about them: "Inspired by almost supernatural advances in technology and the mass-production techniques employed by such industrial pioneers as automaker Henry Ford, they imagined that cities could be fixed by rebuilding them in the image of highly efficient assembly lines. 'We claim, in the name of the steamship, the airplane, and the automobile, the right to health, logic, daring, harmony, perfection,' Le Corbusier wrote."

A textbook example of the failure of urban modernism is Brasilia. Montgomery describes it by contrasting the assumptions of planners – "on paper it was a triumph of straightforward and egalitarian central planning" – with the experience of people who "even invented a new word – *brasilite*, or Brasilia-itis – to describe the malaise of living without the pleasures – the distractions, conversations, flirtations, and little rituals – of outdoor life in other Brazilian cities." (2015, p. 136). And he concludes, "The messianic certainty of the high modernists of the last century makes it easy to pick on them." This opinion is worth recalling in order to be able to say that the problem lies not only in the fact that modernism was a false ideology, but that any ideology imposed on a city is bound to prove false with time.

Of course, the search for a formula of an 'ideal city' continues uninterrupted. In recent years, quite a few formulas have been offered. They were put side by side by the authors have of an interesting report on future cities (Moir, Moonen, Clark 2014).

Importantly, even this comprehensive tabulation does not include all the concepts, for example, it does not mention creative cities. The authors of the report emphasise the fact that the contents of certain conceptions of an 'ideal city' overlap, depending on how the basic ideas are defined, e.g. *smart*, *sustainable*, or *resilient*. In consequence, some popular concepts become hybrids, as shown in Figure 1.

Environment	Society	Economy	Management
Garden-cities	Participating cities	Enterprising cities	Managed cities
Sustainable cities	Progressing cities	Competitive cities	Intelligent cities
Eco-cities	Integrated cities	Productive cities	Productive cities
'Green' cities	Inclusive cities	Innovative cities	Effective cities
Compact cities	Compact cities	Business-friendly cities	Well-managed cities
Intelligent cities	Open cities	Global cities	Innovatively managed cities
Resilient cities	Nice cities	Resilient cities	Cities of the future

TABLE 1. Cities of the future – concepts of success
Source: Moir, Moonen, Clark 2014, p. 12.

FIGURE 1. Cities of the future – a hybrid concept of success
Source: Future cities catapult (2014) [na podstawie Moir, Moonen, Clark 2014].

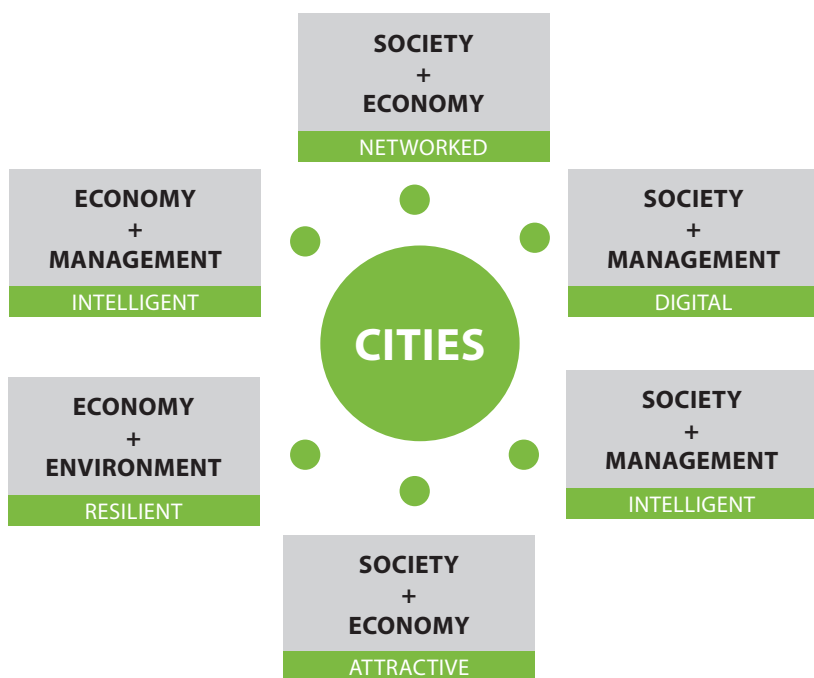The abundance of concepts of an 'ideal city' ensues not only from the importance of the issues related to the functioning and development of cities, but also from the fact that "The art of urban design and architecture need justification, ideas, theories, and ideologies that make the accomplishments of creators comprehensible to users and explain their intentions to themselves." (Loegler 2011, p. 31). Romuald Loegler puts ideas, theories, and ideologies side by side. In our opinion, it does not appear to be a legitimate juxtaposition as they constitute different categories. In particular, for the purpose of this text, we need to distinguish between ideas and ideologies.

Zbigniew Paszkowski believes that "ideology understood in terms of urban planning is a set of socio-spatial solutions that allow for the creation of a system that makes it possible for people to live together in a limited area." (2011, p. 26). Without going into semantic considerations, it can be concluded that 'ideology' in this context is a universal normative conception of urban development. 'Ideology' is expressed in the 'ideal city' formula. Paszkowski declares openly that the ideal city is a city designed in accordance with a coherent theory of urban planning, in accordance with a uniform view that reflects a particular philosophy of shaping urban space.

These views are similar to Hubert Izdebski's observations. He states that "An ideal city, like every ideal, is an abstract idea, a vision, or possibly a more specific programme, but not a feature that can be attributed to any 'actually existing city.'" (2013, p. 29). He adds that the concept gradually came to be regarded both as an ideal design and a proposal ready to be implemented (ibid., p. 37). Hence thinking in terms of an 'ideal city' was gradually taken away from the wise men (philosophers) by designers-intellectuals formulating universal canons of urban design, joined by researchers-experts trying to prove that there is a golden development formula for any city. An example of the third source of urban ideology is the 'smart city' formula (Smart as in: S – simple, M – measurable, A – achievable, R – relevant, and T – timetable), which has become a cliché of the neoliberal approach to the city.

The danger lies not in the fact that series of new concepts of urban development are suggested. They may play a very positive role as long as they stimulate reflection and discourse. The threat arises when they gain the status of 'urban ide-

ologies' and are touted as a universal formulas for urban success. This threat is independent of the content of these ideologies. If they are applied wholesale, they lead to failure, as evidenced by cities which have become infected by the ideology of competitiveness and managerialism. The city should not be only a product and certainly is not for sale. The neoliberal dogma of wholesale privatisation and commercialisation of public space leads to the accumulation of huge debts and stagnation. Filip Springer, the author of the introduction to the Polish edition of the cited book by Montgomery, states emphatically "the thinking that the city is a raw material which should be mined, not a resource that must be protected, prevails all over Poland." (2015, p. 6). This is because Polish cities functioning in keeping with the neoliberal model are treated as generators of income rather than generators of values and development. Their functioning is subordinated to operational efficiency at the expense of structural efficiency.

That is why we want to contrast the universal urban ideologies with the concept of City-Idea. We are not looking for the Holy Grail, but we are deeply interested in reflection on what determines the development of a specific city, what idea it derives from. Indeed, as Rykwert rightly emphasises (2016, p. 35II), no universal urban ideology can obliterate the fact that cities are different, even while remaining in a common cultural and economic sphere.

We recognise the universalistic city ideologies, including those currently most popular and most widely discussed, as important cognitive perspectives. They allow us to appreciate the importance of various factors and development mechanisms. They are worth studying and knowing. But in order to be able to take advantage of them intellectually in influencing the development of a specific city, we must first define the idea of a given city, agree on its specific development formula. Such a formula should refer to its development potential and its characteristic processes of generating different, not only economic, values. Without it, the implementation of any city ideology, any 'ideal city' formula is bound to go down a blind alley.

Rykwert thus concludes his fundamental work: "It is difficult to imagine a situation when the formal order of the universe can be reduced to a diagram of two intersecting coordinates in one plane. Yet this is exactly what did happen in antiquity. The Roman who walked along the cardo knew that his walk was

the axis round which the sun turned, and that if he followed the *decumanus*, he was following the sun's course. The whole universe and its meaning could be spelt out of his civic institutions – so he was at home in it. We have lost all the beautiful certainty about the way the world works – we are not even sure if it is expanding or contracting, whether it was produced by a catastrophe or is continuously renewing itself. This does not absolve us from looking for some ground of certainty in our attempts to give form to human environment. It is no longer likely that we shall find this ground in the world which the cosmologists are continuously reshaping round us and so we must look for it inside ourselves: in the constitution and structure of the human person." (ibid., p. 40II).

For us, "looking inside ourselves" means a requirement to determine the idea of a city by referring to its potential and needs of its residents – to a "concrete person" rather than to an "abstract one" (Izdebski 2013, p. 178). The idea of a specific city is thus also a story about the lives of its current residents. If we want them to be involved in the development of their city, such a story must appeal to their imagination, it must become part of a specific urban imagery which, through the present, links the past with the future. Therefore it cannot be just a marketing ploy meant to attract investors and tourists. It must be translatable into a city-specific vocabulary understandable for its citizens.

Often, it is believed that innovation is the process of converting existing possibilities into new ideas and putting them to practical use. But we think that the opposite is true: we need new ideas, in this case, the idea of development of a city, in order to be able to spot and tap the existing potential resources and opportunities.

Urban imagery applies to both what is material (e.g. architecture) and what is social (the life of multigenerational families), with both of them interpenetrating: architecture works because it combines the material component with the cultural, symbolic one. We may highlight these two dimensions of existence, but we should never put them in opposition. What is material has a tremendous impact on what is social and vice versa.

A city's imagery determines its space-time. It is certainly much broader and less consistent than a city's development idea. But such an idea must be embedded in the imagery. Otherwise it hangs in a limbo, does not appeal, it does not accumulate or release social energy.

Culture as a city development mechanism

Numerous researchers and authors of programming documents emphasise the fundamental importance of culture for city development. According to the authors of the EU report (Cities 2011), cities of the future are to be platforms of democracy, dialogue of cultures, and diversity. Anna Karwińska (2016) believes that "Multicultural cities are becoming to a greater extent an everyday experience and an everyday problem for authorities, residents, and various institutions." The Leipzig Charter on Sustainable European Cities adopted in 2007 stipulates that cities are valuable and irreplaceable economic, social, and cultural goods. These otherwise reasonable arguments do not reveal, however, the mechanism through which culture affects the development of cities. In our opinion it is necessary to avoid a certain danger that often occurs in practice, namely that the importance of culture is recognised, but only in the context of thinking about the creative industries and the attractiveness of a given city.

For us, a good illustration of the issue at hand is the case of the Colombian city of Medellín. At the turn of the 1980s and the 1990s, the fallen city 'revived,' and the key to the revival was provided by culture and education. In order to grasp this phenomenon, one must understand its complexity that manifests itself in a sequence of activities and events that combine to form the development spiral – a self-sustaining process of multidimensional social change:

1. Culture – creation – human spirit.
2. Entrepreneurship – innovation.
3. High quality public education – learning.
4. New public spaces – knowledge.
5. Justice and security.
6. New public space and other infrastructure – living together – recreation – sports – mobility.
7. Shared budget – participation.
8. Integral urban projects – renovation. (http://www.nck.pl/media/attachments/317795/doskonalenie_polityki_kulturalnej_w_warszawie_-_obszar_instytucje_kultury.pdf).

The list above contains a number of links that differ by nature. When examining them in depth, one may notice that they are related to the basic functional dimensions of a city, to the main city-forming mechanisms, including spatial planning and development. The elements of the puzzle combine what is 'hard' (infrastructure) with what is 'soft' (culture in any urban organism). These elements are interlinked by a host of multilateral relationships within any given urban space. Hence thinking about their activation cannot be selective and linear, cannot focus only on cause–effect relationships. Cities, as complex social organisms, cannot be changed by having their selected part 'repaired'.

Tangible measures should be programmed in such a way that their application at a certain point radiates to other points. When the process of social change is at stake, development, which should be initiated, 'energised' in order to become self-sustaining, must result from unconventional, lateral thinking. It entails the need to intervene simultaneously at several points so as to initiate a positive development spiral. The functioning of such spiral leads to development as long as, thanks to its launch, city resources are developed and the capacity of various actors to operate, expands.

An important role in this process is played by culture. Starting the development spiral from interventions in the field of culture stimulates social imagination, that is, a community of thinking about a good city, of the needed and possible changes, and of innovative activities to that end. Obviously, such actions are not limited to the field of culture, but if they continue in that area, they consistently deliver creative energy. The essence of the change is not to significantly increase spending, but to direct it in a way that generates new development mechanisms, combine resources and factors which so far have remained isolated or hidden.

Stimulating development is not and cannot be a technocratic scheme that consists in increasing the yield from the available factors of production; it must be a project that relies on different applications and links than those previously utilised. It will not succeed without the commitment of a number of different actors, without a change in their approach and without inspiring social imagination by referring to the values and a shared answer to the question about the idea of one's own city which emerges from the juxtaposition of numerous

answers to the question "What for?". Without this, the city will stagnate, remain settled in its habits, pervaded by a sense of hopelessness and helplessness.

What happened in Medellín was accomplished thanks to the deliberate initiation by the city authorities, namely its mayor Sergio Fajardo, of a socio-cultural interaction that went beyond the previous cultural context and eventually led to a cultural reinvention of the city. In consequence, new development mechanisms were introduced.

The Medellín example shows that, on the one hand, culture defines us, embeds us in a certain space, and determines our position in it. On the other hand, culture also liberates, pushes for change, inspires transformation. Only a culture which is alive, critical, and accessible to everyone has such power. And if so, it is clear that the principal aim of cultural policy is to facilitate change and development, not to perpetuate the status quo.

Medellín is one of a number of cities in the world affected by social stagnation at a certain time. Yet the crisis did not occur all of a sudden. Every social system may become dysfunctional, but the process gradually progresses unnoticed. Social systems, just as human bodies, have substantial adjustment capacities. At the existential level, in everyday activity, they produce alternative solutions which delay collapse, but cannot prevent it. Eventually, however, the entire system collapses. In order to avert the collapse, one must well in advance fire up the 'cognitive system', which is supposed to identify growing dysfunctions. At that point, it is possible to take corrective action, a sort of therapy of the social system.

An accurate diagnosis of the dysfunction that affects a particular system facilitates the appropriate selection of corrective measures. Whether or not such a diagnosis is made early enough depends on the system's capacity for self-reflection, which derives from the quality of all kinds of soft capital, including the intellectual capital and societal knowledge. On the other hand, corrective action involves the use of various kinds of assets and resources, including the hard capital.

Using hard capital, tangible assets, is generally easier. However, any further advancement of a city which has already reached a high level of civilisational development (in technical and infrastructural terms) can only be accomplished by harnessing a variety of intangible assets, including knowledge and trust.

Without them, the spiral development cannot continue to operate. Consequently, intensifying dysfunctions lead to gradual stagnation, social regression, sometimes tantamount to a social and civilisational disaster.

The concept of endogenous development, i.e. one based on the use of own resources, frequently appears in discussions about development. Various experts consider such a model to be the dream one, the quintessence of independent development. Let us remember, though, that in each case, development depends not only on the capacity to use and build up one's own resources, but also on the capacity to attract the missing resources from outside, i.e. those that are not locally owned or produced (mobilised) with appropriate effectiveness. In certain proportions, development is endogenous and exogenous at the same time, hence development never occurs independently; it is and must remain interdependent. The relationship between the use of one's own resources and those obtained from outside sources reflect the character of such interdependence.

If development mainly depends on the inflow of funds from outside, it is simply dependent development, with the area in question gradually becoming objectified and relegated to the periphery, which strengthens the relationship of dependence. A city that can to a large extent rely on its own resources, build them up and selectively take advantage of the available external inputs, empowers itself and becomes a genuine partner for the other actors operating in its environment. Hence, cities should not develop independently, in a purely endogenous manner, and become autarchic, but skilfully relate to others while maintaining or attaining their development subjectivity.

Such independence requires sufficient soft capitals, which ensures their self-replication. Then, development takes on an organic dimension and no longer has to be stimulated. Without sufficient soft capitals, development is bound to be dependent. In this case, breaking away from the spiral of dependent development requires an effort to induce and stimulate the growth of soft capitals. So, again, culture must be the key field of intervention.

Three distinct approaches to urban cultural policy can be identified. The first one that dominates in Poland involves managing cultural institutions. The rest is of secondary importance. Importantly, such an approach generally has two

vectors: 1) improving the effectiveness of operation of these institutions (in-terpreted one way or another), and 2) preventing disputes and conflicts – city authorities do not wish to be disturbed. The approach does not exclude taking care of the artistic quality of the subordinate institutions, but this is not the primary goal.

Another approach involves stimulating diverse cultural activities. The field of cultural policy includes not only urban cultural institutions, but also all entities involved in cultural activities, especially the authors and creators. City author-ities are supposed to ensure a certain balance between them and to encour-age openness and interoperability. It is not easy, given the often conflicting interests of these parties and the inevitable competition for a limited pool of resources, including the public ones.

However, we believe that **a third approach is possible and appropriate**. We outlined it above when briefly discussing the situation in Medellín. It is about making culture the key dimension and mechanism of city development. Therefore, the aim is not only to **enable sectoral cultural activity to flourish, but to help it penetrate all forms of city activity. City authorities conduct a cultural policy with a view that their city becomes a culture, by feeding culture into the urban bloodstream, they consciously induce and give di-rection to the development of their city, transforming it in the process. Under such an approach, cultural policy becomes development policy** – consciously guided change rooted in the heritage of the city, which addresses present-day problems and challenges in order to explore and open safe paths into the future.

Under none of these approaches does the issue of managing the city's cul-tural institutions disappear. The core aspect is not the importance of culture in the activities of the relevant bodies of the city (in terms of attention and the scale of committed resources), but, above all, the purpose of such manage-ment: to preserve peace and balance, or to energise the development poten-tial of the city. What is important are our expectations of such institutions, the rules and measures that affect them. The third approach requires the cultural institutions of a given city to produce appropriate cultural values in a way that contributes to the expansion of the cultural capital of other entities.

When emphasising the importance of culture as an essential component of the urban development mechanism, we mentioned the dangers inherent in an instrumental use of culture as a lever for raising revenue. At the other extreme, there is another danger that consists in the establishment of cultural hegemony and the imposition of a dominant interpretive discourse. In such a situation, the leading entity decides as to what is 'visible' and what is excluded from the legitimate sphere. Although the reflective capacity of institutions differs due to their diverse selection mechanisms, they tend to reproduce themselves on the basis of discourses that legitimise such a reproduction. This strategy, however, is effective only to a limited extent – it continues until the outbreak of a crisis that expresses excessive tension between the 'world of life' and the acts of semiosis undertaken by its actors, and the knowledge perpetuated by the structure in order to reproduce.

The evolution of urban movements in Poland offers a good example of such a process. The phenomenon was initiated by the process of semiosis – growing numbers of young researchers and, at the same time, urban residents started to describe the situation in their cities in way that differed from the knowledge reproduced by the structure, or the existing authority, the cultural, and scientific institutions. Semiosis launched on the sidelines of the structure turned out to be an appropriate description of reality for a growing number of actors, who, by sharing the description, started the process of structuration: first came the Congress of Urban Movements, and then the Association of Urban Movements founded by institutions capable of reproducing alternative knowledge, and sometimes even to act effectively in the fields dominated by the 'traditional' institutions.

Avoiding the dangers inherent in a cultural hegemony requires us to actively remove the cognitive and structural barriers from the field of culture. Only then can it become fertile and robust. This task also belongs to the remit of cultural policy, although its fulfilment cannot be entrusted solely to a public authority. It must be taken care of by different actors interested in the development of their city.

The quality of life and the rights of city residents

One of the most important problems of modern cities is that they spill over large areas and thereby transform into dispersed systems. Montgomery (2015) thoroughly analyses the process, emphasising that cities take up more space per capita, they are more expensive to build and operate, they need more roads per resident, more water pipes and sewers, more power cables, utility wiring and landscaping effort. It is also more expensive to finance the operation of the various emergency services. They generate more pollution. He concludes, "In short, the dispersed city is the most expensive, resource-intense, land-gobbling, polluting way of living ever built." (ibid., p. 74).

Initially, the urban sprawl was the response of city residents to the nuisances inherent in living in overcrowded centres, overburdened by industrial activity. It also came into existence in response to the ugliness, crime, and shortages of industrial cities (ibid., p. 95). This peculiar escape from cities was a manifestation of a search for a better life. The implementation of this vision in the US was aided by giant subsidies in the form of federal home mortgage interest tax deductions and insurance, giving new residential projects in the suburbs priority over the renovation or expansion of city centres (ibid., p. 100). This process accelerated in the second half of the 20th century as a result of commercialisation combined with the then dominant individualistic and consumerist attitudes. The new economic factors meant that the exodus also affected the middle class, which started to escape the inflated real estate prices in the centres of large cities (ibid., p. 76). Both the controlled and uncontrolled sprawl was a process immediately recognised in the descriptions of the process of urbanisation. Americans were the first to analyse these phenomena in terms of social problems (economic, spatial, and cultural ones) associated with the development of the automotive industry and the popularity of the car. The American visions of ideal cities included Frank Lloyd Wright's Broadacre City; it is also worth mentioning projects called Roadtown or Motopia which subordinated the city structure to the needs of traffic, assuming that built-up areas could stretch almost indefinitely along motorways and expressways (Gruen 1965, p. 181).

With time it turned out that it was a case of falling out of the frying pan into the fire, because the total costs of commuting dramatically increased. Mont-

gomery estimated that with time "Investing in a detached home on the urban edge is like gambling on oil futures and global geopolitics." (2015, p. 77).

Gradually, there emerged a formula of dispersed development that consisted of five elements: 1) housing subdivisions, living pods – fragmentation of the residential fabric, 2) malls, retail centres, 3) office space, business parks, 4) civil institutions, no public space (this form, for the most part, does not appear in Poland), and 5) roads (Martyniuk-Pęczek et al. 2015, p. 126). This formula generates not only high costs, but also negative social and cultural consequences. Jan Gehl describes them as follows: "The spaces outside are huge and anonymous. (...) limited activity is dispersed in time and space. Under such conditions, most residents prefer to remain in their homes in front of TVs or on balconies or in other similar private spaces." (2013, p. 31). The only form of intense social contact in such cities are mass ludic shows – mostly sports events and concerts, or New Year's Eve celebrations in big squares. In order to counteract social anomie modern planners strongly emphasise the return of pedestrian traffic in city centres.

The origin of dispersed cities, especially in the US, has a strong class and racial basis, the cities having themselves contributed to this kind of segregation. At present, their functioning generally leads to the loss of social cohesion, of the sense of community. The lack of identity has become particularly evident in the sprawling, ever-growing metropolitan areas (Izdebski 2013, p. 85). They provide a clear illustration of the intensifying globalisation and urbanisation.

The negative experiences with the implementation of various city ideologies contributed to the fact that nowadays, the quality of life figures prominently in the discussions about the city. Today, this category is more precisely defined and evaluated. However, it must be admitted that the originators of successive conceptions of an 'ideal city' did not avoid the issue. Montgomery notes that "(...) cities have always been shaped by powerful beliefs about happiness." (2015, p. 97). Le Corbusier's modernist recipe fortunately relied on a combination of geometry and performance. Hence his concept of Radiant City (ibid., p. 98). This example demonstrates that thinking about the life and happiness of city residents was expressed in terms of influencing its urban form, by designing and

developing its area. For thinkers such as Le Corbusier, the city was an object to be influenced, shaped by appropriately distributing specific buildings in it. In fact, city ideologies objectify the city, even though what their originators have in mind is primarily the happiness (good) of its residents.

Modern urban thinkers directly and specifically attempt to address the issue of happiness of city residents. Defining happiness provides them with a starting point. Montgomery titled his book *Happy City* citing the work by Carol Ryff and Burton Singer (2006) – and adopted the following list of measures of eudaimonia (ibid., p. 58): (i) self-acceptance – self-knowledge and self-esteem, (ii) the ability to cope in the surrounding reality – the ability to function and develop in the world, (iii) positive relationships with people, (iv) personal development at every stage of life, (v) a sense of purpose and meaning in life, (vi) a sense of freedom and independence. He stresses that: "a city for the people should be evaluated not only from the perspective of entertainment and comforts, but also through the prism of how it affects the course of their daily work, their struggle for survival and meaning." (ibid., p. 60).

What we think is missing from this approach is the subjective and procedural translation of the needs and quality of life into the organisation and functioning of cities. We locate such a translation in the urban process of value creation. In order to introduce and analyse values, the city must be perceived as a value generator. This involves not only the identification of what values it produces, but also whether this process ensures the city's cohesion both as a material (*urbs*) and social structure (*civitas*). Izdebski aptly points out that modern urban planning should focus on the identity and cohesion of the city (2013, p. 85). Only then can it contribute to a sustainable improvement in the quality of life of its residents.

The relationship between *urbs* and *civitas* and the quality of life can be clearly demonstrated with reference to health. This issue is thoughtfully analysed by Jacek Klich (2016). A synthetic overview of his argument is shown in Figure 2.
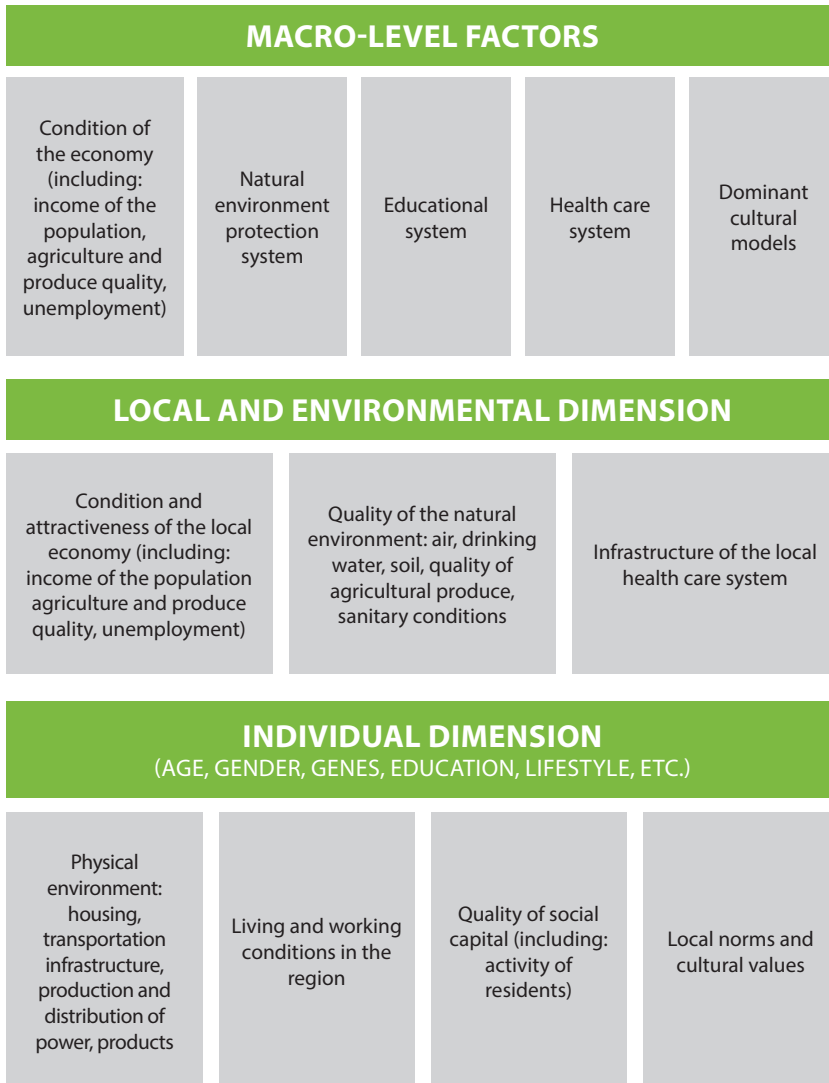
MACRO-LEVEL FACTORS

Condition of the economy (including: income of the population, agriculture and produce quality, unemployment)

Natural environment protection system

Educational system

Health care system

Dominant cultural models

LOCAL AND ENVIRONMENTAL DIMENSION

Condition and attractiveness of the local economy (including: income of the population agriculture and produce quality, unemployment)

Quality of the natural environment: air, drinking water, soil, quality of agricultural produce, sanitary conditions

Infrastructure of the local health care system

INDIVIDUAL DIMENSION
(AGE, GENDER, GENES, EDUCATION, LIFESTYLE, ETC.)

Physical environment: housing, transportation infrastructure, production and distribution of power, products

Living and working conditions in the region

Quality of social capital (including: activity of residents)

Local norms and cultural values

FIGURE 2. Factors that affect the health of city residents*
Source: own study based on (Otgaar, et al. 2011; Kyle 2011).

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* The *Educational system* at the macro level at the local and the environmental levels, respectively, is part of the *Condition and attractiveness of the local economy* and the *Living and working conditions*. The latter also cover the metropolitan security issues, green areas as well as cultural centres and institutions (and hence the intensity of cultural life).

He analyses health in four core areas (dimensions): (i) physical (somatic) health, (ii) mental (emotional) health, (iii) public health (capacity to maintain normal relationships with other people and social roles), and (iv) spiritual health (personal credo, rules, behaviours, ways to maintain inner peace).

In his article, he also describes the Healthy Cities programme, which identifies eleven health-related factors such as: (i) a clean, safe, and high-quality environment; (ii) a stable ecosystem (now and in the near future); (iii) strong local communities; (iv) a high proportion of residents participating in decisions that affect their lives, health, and well-being; (v) compliance with all the basic quality conditions of food, water, shelter, income, safety, and employment; (vi) access to the means that facilitate contact, interaction, and communication with others; (vii) a diverse, vital, and innovative economy; (viii) preservation of historical continuity – tradition; (ix) forms of urbanisation that conform with the above; (x) optimal access to health infrastructure; (xi) good health of the population (ibid., p. 224).

In the context of health, it is easy to see that the fundamental weakness of various city ideologies is that they approach the quality of life as a function of the material structure of the city. They are interested in the quality of life primarily in the context of *urbs* (land use), while marginalising the importance of *civitas* (ibid., p. 88). If the latter dimension is addressed at all, it is usually as the political system of the city, its power structure, not as a social structure viewed from the perspective of its cohesion and identity. That is why the originators of these ideologies, particularly architects and urban planners, tend to operate from the perspective of demigods, creators of towns. Roger Scruton (2012, p. 152) quoted in Izdebski (2013, p. 89) compares the modernist architect to Titan who manipulates huge structures and spaces.

Returning to the theme of the city as a value generator, we wish to emphasise that in various studies of cities the issue of value does appear, but very often it refers to narrowly understood economic values. A good example is the influential World Bank Report (Planning 2013) presented synthetically below (see Fig. 3).

Plan	Connect	Finance
VALUE land use through transparent assessment	VALUE the city's exteernal and internal connections	VALUE and develop the city's creditworthiness
COORDINATE land use with infrastructure, natural resources, and hazard risk	COORDINATE among transport options and with land use	COORDINATE public-private finance using clear, consistent rules
LEVERAGE competitive markets alongside regulation to expand basic services	LEVERAGE investments that will generate the largest returns-individually and collectively	LEVERAGE existing assets to develop new ones, and link both to land use planning

FIGURE 3. Urbanisation Policy Framework
Source: Moir, Moonen, Clark 2014, s. 12.

In this diagram, value appears at the top, but only in the sense of valuation (as in updating the value). It is not so much value creation as the pricing of specific resources and applying certain levers in order to increase their price. If the authors of the World Bank Report are interested in value, it is in the context of market prices, particularly real estate prices. This kind of thinking may indeed lead to lasting benefits, improve the quality of life and development of the city, as evidenced by the textbook example of Manhattan's Central Park. Alexander Böhm (2016) cites a 1905 German press report that the price of land in Manhattan surrounding the park had increased more than 85-fold since 1863! An initiative of city authorities turned out to be a strong city-forming stimulus. At the same time, it clearly demonstrates the importance of preservation of common public spaces.

Yet the example of Central Park may also lead to one-sided, or even false conclusions. The market prices of land and real estate around the park have increased severalfold. This is an irrefutable fact. A specific initiative of city authorities provided a strong leverage and generated a stream of additional income, but we must not overlook the fact that all the essential park-related work took fifteen years to complete and required the effort of twenty thousand people. Before the market took over, the great conceptual and physical work had to be done, and this was this what created this fundamental and multi-dimensional value known as Central Park. Furthermore, if the park's neighbourhood had not been developed, the value of the land could not have risen to such an extent. The role of the market is important here, but it is secondary, not primary. We must therefore distinguish between two processes: first, value creation, second, valuation. In both cases, the market may be present, but the processes in question cannot be reduced to market valuation. Quite often, short-term financial effects (income streams) occur at the expense of the destruction of key resources. The authors of the quoted report are aware of this fact, since the legend of Map 0.1 contains the following remark: "(...) Where financing comes first, inefficiencies are likely to follow." (Planning 2013, p. 5). This perceptive statement shows that one should not pay attention only to the financial flows; what they reflect is more important. Unfortunately, reading the report in depth, we are often under the impression that this awareness disappears, replaced by a narrow

economic dogma that equates value with price. While market valuation can generate value, it often obscures the destruction of value. A different example is offered by Istanbul and the attempt to make it a 'global city' by, among other things, converting Gezi Park into a shopping centre. Here the aim was also to stimulate the current income stream.

In New York, the beneficial economic effect was achieved by creating a public space. Istanbul saw something exactly opposite – a public space was to be commercialised and privatised. Unfortunately, the latter case is typical of the modern stage of urban development. Hence the ever-increasing resistance and growing impact of movements aiming to create/reclaim common spaces. Supporters of this movement are not only concerned about the existence of public, non-commercialised spaces, but also about actually *commoning* them in order to facilitate the emergence of citizen communities. This is the aim of the Occupy Movement, which does not take over specific spaces for itself, but opens them up for others.

Designing and creating public spaces is a complex and difficult undertaking. The view is endorsed by Jan Gehl, a well-known architect and urbanist: "Many urban spaces designed today separate people from events, so they remain unfilled." (2014, p. 65). The author emphasises the fact that communication among people requires appropriately sized spaces. If the sense of community is to develop, the space cannot be too big or too small. And if it is appropriate, small events flourish. "As soon as the process begins, the spiral reinforces itself and it rapidly turns out that one plus one is fast becoming more than three. Something happens, because something else happens, because... Nothing happens, because nothing else happens, because... " (ibid.).

Montgomery draws our attention to another aspect of public space. He emphasises that the frequency and intensity of social interactions depend on the presence of green areas. "People who live in areas with more parks are more helpful and trusting than people who don't." (2015, p. 160). He adds that despite the fact that we communicate digitally more and more often, we still need a **place** for ourselves, not just **space** (ibid., p. 50) .

In this context, is worth mentioning the experience of Joanna Rajkowska, who enlivens public space by her artistic interventions. She declares that the

role of the artist does not involve imposing one's way of thinking on others or controlling the space, but stimulating social interactions and giving power to the people (Rajkowska 2007).

More and more often cities are compared to mines whose natural resources – in this case, their public spaces – are not well utilised. Instead, they represent a burden which is the source of negative externalities. However, these externalities are not disclosed in market transactions. They cannot be found in balance books, yet cost both the residents and the city a lot. A desirable model of urban development appears to be offered by the circular economy (more information on this subject can be found in the section 'Towards the circular economy' in an earlier chapter of this volume). The approach proposed by us strongly corresponds with the idea of a 'right to the city' invented by the French socialist Henri Lefebvre (1901–1991). It was elaborated by David Harvey to include not only the individual right of a resident to access the resources held by his city, but also democratic governance understood as the collective right of citizens-residents to influence the way of life and the shape of their city (Izdebski 2013, p. 173). The 'right to the city' thus conceived is thus related both to *urbs* and *civitas*.

As Izdebski rightly emphasises, the discussions about the 'right to the city' as a legal-dogmatic foundation must be based on an understanding of 'ownership' that differs from the traditional one. This new approach "(...) can be reduced to the treatment of property – with full acceptance of the fundamental role of private ownership and the rejection of domination, let alone the monopoly of collective ownership – not as an essentially absolute entitlement, but as a social function. This concept can also be described as a limitation on the content of the ownership right 'from outside,' including on the grounds of public interest whose fundamental aspect in the field of spatial planning and public management is (...) the spatial order." (ibid., pp. 144–145). This approach goes beyond the formula according to which public authorities refer to public property only in the context of its protection and is based on the public determination of the social content of the property right. It entails the recognition that the ownership right is limited by law both from 'outside' and from 'inside.' It leads to the acceptance of the public nature of private property (Malloy, Dia-

mond 2011) and is a manifestation of the transition from the liberal-individualist doctrine to the liberal-solidaristic one (Izdebski 2013, p. 149).

Izdebski emphasises that "If property ownership entails certain obligations, and its use should serve the common good, appropriate limitations also apply to its content from the 'inside' in that they may not constitute exceptions to the rule, but when considered together, they may indeed form a rule" (ibid., pp. 148-149). Thus, ownership stipulates not only that the owner cannot do with the property anything s/he likes, but whatever can be done, must be done in a certain way. This has a great importance for the planning and functioning of cities. Their space is a public matter, even if though it does not constitute public property (ibid., p. 150).

Although the right to the city is not directly expressed in the constitutions of European countries or in the European international documents, it became an important category of urban discourse used in The New Urban Agenda, a document adopted on October 20, 2016, in Quito (Ecuador) at the UN Habitat III conference. Izdebski notes that it can be interpreted as the right to a good space reflected in three dimensions: (i) the right of access to air, light, and nature, (ii) the right to a good public space, (iii) the right to a good organisation of space understood as spatial harmony, that is, in terms of the aesthetic quality of the space in question (ibid., pp. 176-178).

Izdebski himself associates the development of the idea of the 'right to the city' with the already recognised legal 'right to good administration' as part of a broader 'right to good governance.' It should also be interpreted as "both the right to good public space management and the duty that complements such a right." (ibid., p. 167). Generally, this is the consequence of the third generation civil rights "(...) even more difficult to assert due to the fact that on the one hand, they are more collective than individual in nature, while on the other hand, various public authorities are also obliged to recognise them." The third generation rights strongly apply to urban planning and architecture (ibid., p. 166). They can no longer be excluded from the discussion about the quality of life and urban development. However, their enforcement in relation to both the material space and to the social space of the city becomes problematic. We firmly believe that the concept of the City-Idea will contribute to its practical solution.

Summary

In the coming decades, cities will become centres of worldwide socio-economic processes, monopolising to an even greater extent the phenomena referred to as our civilisation's signposts of development. Although the process has been taking place in cities for thousands of years, there is no doubt that since the beginning of the 21st century we have had to deal with clearly discernible processes that reinforce the position of urban areas in building a competitive advantage from the local to the global level. For this reason, and also due to the fact that assertions of researchers concerning cities are extremely prone to obsolescence (given the great dynamics of the development processes), we should define anew the key elements that energise the development processes.

Various forms of public governance (or co-management, where appropriate) appear primarily in emergency situations where the known and previously used methods of crisis management fail. Rulers confronted by such challenges generally resort to imperative measures, including the use of coercion.

However, if this fails to bring the expected results, it becomes necessary to turn to cooperation with the other actors. The aim of such cooperation is to find a way out of the crisis, and thus to establish modified rules and to launch new kinds of action. In other words, when there is no turning back, one can still escape forward, which is equivalent to a change in the system. Such change leads to the empowerment of certain actors who become participants in governance.

The above should not be interpreted as a glorification of participatory methods. By themselves, they do not deliver positive results if there are no empowered actors in the social (urban) system who are willing and able to enter into genuine partnerships and to share responsibility. Often, participatory forms are facades devoid of social content. They conceal unlimited arbitrariness. Cities managed in this way tend to be punished by the visions of ambitious mayors who always know better and never show any consideration for the actual needs of the residents. They ignore the inevitable changes in social structure and in the configurations of group interests. For example, today, as a result of the current rapid demographic changes, it is not the size of the population, but the age distribution that is becoming a major driver of change in the social

structure. Another very important factor is the increasing social inequality and its consequences in the form of socio-spatial polarisation, fragmentation as well as spatial and socio-economic segmentation (Karwińska 2016).

The city must not be treated as an object of influence and its authorities as the only entity entitled to exert such an influence. Cities are complex, open, and interactive social systems, with a multiplicity and variety of social actors who have different, sometimes even competing needs, interests, and rationalities (Amin, Thrift 2002). Besides, the social configuration thus understood is not rigid and unchanging, hence the city management system must admit of a certain level of actor autonomy, decentralisation of activities, and a broad access to information (Fuks 2016, p. 196). This does not preclude hierarchical, authoritarian, and imperative measures, but their scope and reach must be carefully balanced. Otherwise it will be impossible to solve or mitigate the complex (wicked) problems and to promote a better use of the development potential of the city.

It is in this context that we should consider and evaluate the quality and efficiency of the city management system, namely governance. It cannot be replaced by universalisation, algorithmisation, and instrumentalisation of activities (urban interventions).

The modern city should have its own personality. It is an 'open city' with 'an open management style,' where one can see the intangible development potential. Such a city is a place where there is a large supply of knowledge. It is also a place for an active and open life of society.

The endogenous potential of cities continues to be important just like the activities promoting the development of entrepreneurship, which should be beneficial for the residents (not the other way around). However, the expansionary policy towards urban space and society has led to the polarisation of the potential inside the city, so the picture of today's cities is becoming less consistent. All this is accompanied by a general lack of awareness or a deliberate lack of response on the part of city authorities.

Only an approach that considers the city space as something more than a physical space – as the land (area) to be developed, but on equal terms as a social, cultural and relational space – can help to protect it from complete privatisation and

appropriation. A significant part of the urban space must remain public – shared both in its material and cultural sense, which means that it must be systematically commonised. There are no *commons* without *commoning* (De Angelis 2007).

The city is such a complex system that its management requires the adoption and application of various cognitive perspectives, since the processes that take place in it differ in their nature: linear, lateral, and circular ones coexist and occur side by side. This constitutes a definite context which permits us to link knowledge with action that refers not to an abstract city, but to a specific one. In our opinion, it implies not a constructivist (typical of engineering), but an evolutionary (organic) approach to urban development.

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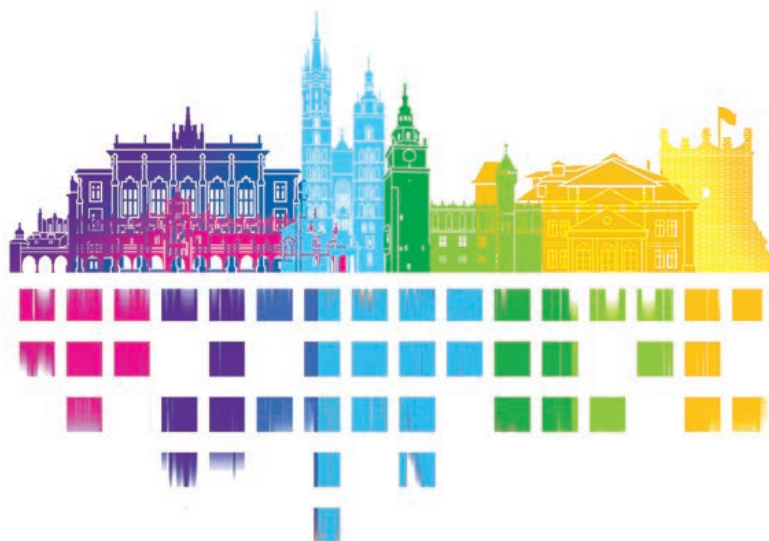
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