

**THE SOCIAL SPACE-TIME
OF ECONOMIC ACTIVITY**

Towards Economics of Values

JERZY HAUSNER

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To my grandchildren:

*Kacper Radwański,
Maciek Radwański,
Jagoda Radwańska,
Gutek Kozina,
and (Fi)Staszek Kozina*

*– in the hope that the thoughts contained in this book
will help make their world at least a little bit better*

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INTRODUCTION

There were those alive during the Dark Ages who knew that standards of living had been much higher in the Roman Empire and that something better was possible. They had, or could have had, all of the technologies possessed by Rome, but they did not have the values to generate the organizational abilities that would have been necessary to recreate what had previously existed.

Lester C. Thurow [1996, p. 262]

We are on the threshold of a new outlook on economics and the economy. According to many economists, all that is required to cross it is to improve our analytical instruments. However, I believe that it is also necessary to revise some fundamental assumptions. I see a fundamental flaw of neoclassical economics in the fact that the issue of values was erased from it, discarded as being exclusively a matter for philosophers. Economics was reduced to market valuation, which has allowed the market to be presented as a self-regulatory mechanism.

Incidentally, many philosophical currents also avoid this subject under the belief that discussing values leads to their unwarranted absolutization, and that such “absolute values”, adopted without a dose of healthy skepticism, can foster the adoption of fanatical and authoritarian attitudes. The issue of values has been recently neglected in philosophy, and even worse – it has become suspicious. Faced with the erasure of axiological issues from the economic discourse and the lack of inspiration from contemporary philosophers – though we should obviously note and appreciate those who nevertheless tackle the issue of values – we are now facing a serious problem: how to restore a reasonable and convincing language of values to public discourse.

I am often asked to present an accessible explanation of what economics of values is. I usually try to boil it down to a few essential points. Firstly, we should acknowledge that values are produced. We usually discuss values either

by psychologizing them, i.e., reducing them to individual attitudes and choices, or considering them as something to be adhered to. Whereas what we need is a deep conviction that values exist because they are produced through human activity. Secondly, we should recognize that value production is a social process, i.e., values emerge through communication and interaction between individuals, forged in joint debates and the balancing of different viewpoints. Thirdly, it is fundamental to understand the distinction between existential and instrumental values. The former result from and sustain communality. They allow us to survive. The latter are of practical importance: they enable our activity and serve to achieve our goals. Existential values form the foundation for the generation of instrumental ones. Fourthly, if instrumental values are created on the basis of the generated existential values, we must ensure that the former do not override or destroy the latter. The danger lies in the fact that contemporary economic activity is a linear process, which means that we focus on generating instrumental values, i.e., achieving a surplus in relation to the costs incurred in running our business. The only measure of success is profit, and we ignore the truth that, along the way, we also initiate many processes that destroy values. The consequences are frightening because in this manner we undermine the ability to sustain the process of economic activity itself. I believe that the aim should be to move away from a linear economy toward a circular economy in which the existing resources are preserved, renewed, and multiplied, while new ones are being created.

My favorite example is forest management, which I think appeals to the imagination of most people. One of the reasons (though not the primary one, as some would have us believe) why we manage our forests is to obtain raw materials. Of particular value for us is wood. However, when we reduce forest management only to the instrumental value of obtaining wood quickly, we destroy the very basis of the production process of this raw material, which is the forest's existence (existential value). Overexploiting forests ultimately results not only in losing this source of profit but also in squandering this invaluable space for human, animal, and plant life, bringing disastrous consequences.

Examples related to the destruction of our natural environment are perhaps the most evocative because it is easy to see how fast and spectacular the process of its deterioration progresses. But the resources that we destroy, heedless of the numerous dangerous ramifications for ourselves, include more than natural resources. The adverse impact on the natural environment runs in parallel with the effects on the social environment. This degradation affects not only nature but also culture; its victims are not only plants and animals but also humans.

This educational message appeals to some more than others. I often hear that, even though what I say is true, my proposals are impossible to put into practice – that they are utopian. I hear that the market has its own rules, and in the end these have to be obeyed. That is why I have concluded that it is not enough to simply present the adverse ecological and social consequences of linear economic activity. It is also necessary to demonstrate that this approach is economically disadvantageous both at the micro level of individual enterprises and the macro level of economic activity at large. It inevitably leads to economic collapse because it is unsustainable. Therefore, we must move away from this approach towards a model that actually respects the rules of developmental circularity. And this cannot be achieved without restoring to economics the issue of values – values defined and interpreted in non-utilitarian terms.

Amartya Sen [1997, pp. 6–7] points out that modern economics can be traced to two separate traditions. The first originates with Aristotle and was carried on by Adam Smith, John Stuart Mill, Henry Sidgwick, Francis Edgeworth, Knut Wicksell, Alfred Marshall, and Arthur C. Pigou. It is a tradition of economics as a social science rooted in philosophy – and ethics in particular. The second comes from such figures as William Petty, François Quesnay, Antoine Lavoisier, David Ricardo, Antoine Augustin Cournot, and Léon Walras. It is a tradition of linking economics with the natural and exact sciences. Sen writes that the first approach allows for combining economics with elements of psychology and consideration of the complexity of human behavior and thought, while the second puts emphasis on issues of technology, tastes, the relations between input and output, and other interdependencies of this sort. At the same time, he points out that neither of these traditions should wish to see the discipline of economics break ties with the other one.

I do share Sen's sentiment: both these traditions should coexist in economics; they should be confronted with each other and make each other stronger. The problem is that the former has been almost completely eradicated from mainstream economics. And now it needs to be renewed and revived. I view the concept of an "economics of values" as utterly necessary as well as timely in the context of attempts to thoroughly revise neoclassical economics, which has become ossified and stranded in the shallows – nothing flows from it, as it has become intellectually barren.

I am reminded of the remarks by Benedetto Croce, who once said that "a system of economics from which value is omitted is like logic without the concept, ethics without duty, aesthetics without expression" [Croce 1998, p. 22].

My own endeavor to formulate foundations for an "economics of values" is part of a broader intellectual research movement: the Open Eyes Economy. The following apt example used by Lester C. Thurow can serve as an inspiration

for embarking on this alternative path: “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 a position to have a colossal piece of good luck” [Thurow 1996, p. 327]. If we wish to achieve something permanent and meaningful, we need to journey into the unknown, i.e., take action according to a different, novel formula. And this requires us to open our eyes and critically examine both ourselves and our surroundings, to free our minds from the stale patterns and face the risks. If one does not embark on such a journey, one could probably survive, but one would also gradually lose one’s subjectivity.

Open Eyes Economy is a new perspective on economics and the economy. If the issue of values is to be restored to economics, the key question is – by whose agency? Many would argue that this should be done by the state and its regulatory activity, but I think this would not be sufficient. In my view, this process should primarily stem from industries and companies. And this requires companies and businesses to adopt a different approach, one that does not shy away from the axiological dimension of management and does not reduce economic analysis to efficiency alone.

This book is a comprehensive account of the issues that I have researched for many years. During this time I published the results of my studies and reflections. Some fragments of this work have already been publicized as articles in journals and collective studies¹. However, for the purpose of this monograph, they have been rearranged and revised.

1 Jerzy Hausner, Andrzej Sławiński [2018]. *Wpływ zmian na rynku pracy na politykę pieniężną* [in:] *Świat (bez) pracy: od fordyzmu do czwartej rewolucji przemysłowej*, monograph dedicated to profesor Juliusz Gardawski, Oficyna Wydawnicza SGH, Warszawa; Jerzy Hausner, Andrzej Sławiński [2018]. *Wartości w finansach. Spojrzenie z perspektywy Open Eyes Economy*. [in:] Open Eyes Book 3, Fundacja GAP, Kraków; Jerzy Hausner [2018]. *Společná časoprostředí vytváření hodnoty ekonomických*. [in:] Open Eyes Book 3, Fundacja GAP, Kraków; Jerzy Hausner (ed.) [2018]. *Uniwersytet-Idea jako fundament ekonomii wartości*. Open Eyes Economy Discussion Papers 1, Fundacja GAP, Kraków; Jerzy Hausner [2017]. *Wartości, normy, dobra*. „Zarządanie Publiczne”, no. 1 (39); Jerzy Hausner [2017]. *Ekonomia wartości a wartość ekonomiczna*. [in:] Open Eyes Book 2, Fundacja GAP, Kraków; Jerzy Hausner, Michał Kudłacz [2017]. *Miasto-Idea – jak zapewnić rozwojową okrężność*. [in:] Open Eyes Book 2, Fundacja GAP, Kraków; Jerzy Hausner [2016]. *Przyszłość gospodarki rynkowej – od oportunistycznej do relacyjnej gry ekonomicznej*. [in:] Open Eyes Book 1, Fundacja GAP, Kraków; Jerzy Hausner [2016]. *Miasto-Idea – nowe podejście do rozwoju miast*. [in:] Open Eyes Book 1, Fundacja GAP, Kraków; Jerzy Hausner, Stanisław Mazur [2016]. *Zakończenie* [in:] Jerzy Hausner, Bob Jessop, Stanisław Mazur (eds.). *Governance: wybór tekstów klasycznych*. Wydawnictwo Naukowe Scholar, Warszawa; Jerzy Hausner [2015]. *Culture as a Way Out of Crisis*. [in:] Philipp Dietachmair, Milica Ilić (eds.). *Another Europe. 15 Years*

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I owe a lot to Mateusz Zmyślony. Our conversations were an invaluable source of inspiration for me. It was with him that I came up with many of the concepts that form the building blocks of this work, such as the Firm-Idea or the islands and archipelagos metaphor. Mateusz is a superenergetic animator of the Open Eyes Economy movement (its name was another of his ideas).

Several individuals influenced me significantly at the various stages of my academic development. At this point I would like to mention three professors who were my role models and provided me with inspiration: Prof. Adam Węgrzecki (1937–2018), my academic mentor in the study of philosophy; Prof. Bob Jessop, who taught me to appreciate the importance of going beyond the framework of one's own scientific discipline and showed me how to do this creatively; and Prof. Piotr Sztompka, whose works showed me how to develop one's own approach while relating it, both respectfully and critically, to the achievements of the great scholars on whose shoulders one stands during one's own scientific ascent.

Many of my academic friends shared with me in various ways their remarks and comments on the previous versions of the texts that were to form the starting material for this book; they also provided me with their own insights and studies. I am especially indebted to Prof. Juliusz Gardawski, Prof. Anna Giza, Prof. Wojciech Paprocki, Prof. Andrzej Sławiński, and Prof. Jerzy Wilkin.

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CHAPTER I

APPROACHES TO VALUES BY VARIOUS COGNITIVE PERSPECTIVES

Introduction. The nature of values

I take as my starting point Roman Ingarden's remark that man "is deeply unhappy when he feels in some circumstances reduced to the level of an animal, or when he perceives that neither his strength nor effort allows him to truly transcend the limits imposed on him by Nature. He therefore begins to exist beyond the means of his strength and his inherent nature: he creates a new world for himself, a new reality around and within himself. He creates a world of culture and endows himself with the aspect of humanity" [Ingarden 1987a, p. 15]. And further on: "Human nature consists in a constant effort to transcend the limits of the animal in man and to grow beyond them with humanity and man's role as creator of values" [p. 25].

Commenting on Heinrich Rickert's position, Michel H. Kowalewicz [2015] states that no "meaningful activity" of early humans would have been possible without at least some form of a primitive "system of values" extending beyond the division into bodily "pleasure" and "displeasure" known in other animals.

This begs the question: where did this "primal system of values" come from in humans? What was the source of its generation? If we attribute values and value systems with a social nature, it becomes clear that they were generated by the regulated cooperation of people who had to act together in order to survive in a harsh environment. Repeated cooperation "produces" norms, including general ones, relating to its indispensability, and not just its

instrumental or technical aspects. In order to be able to act together, even in unpredictable situations, people had to create the imperative of cooperation and thus create the primal community. Its survival depended on cooperation becoming the norm and on its regulation by the community. In the course of putting cooperation into practice, the overarching existential imperative of cooperation was translated into a set of general norms and instrumental/technical principles. It required a mental foundation in the form of a system of values that could be referred to when norms came into conflict or when new rules needed to be established. These primal values referred to what was most crucial in interpersonal relations for the community to endure, as individuals could not survive without it. Thus they were existential values in the literal sense and, as such, required no justification – they were self-justified and, therefore, intrinsic.

And so the primal values were generated from the experiences of primal communities, forming the primal axionormative order, in which the meaning of actions is determined by values and the community is regulated by norms. While values determine the meaning of action, norms specify its mode of execution.

The social world and the natural world are two ontologically different entities. Humans belong to both – they are both animals and persons. The social world is a human product. It does not exist because we perceive it, but it becomes as we perceive it. This corresponds with Maurice Merleau-Ponty's position when he writes that "we must not, therefore, wonder whether we really perceive a world; rather, we must instead say: the world is what we perceive" [Merleau-Ponty 1970, p. xvi]. Thus human beings create their world – the social world – and values are the product of their actions. A product that is indispensable because, without it, there would be no social world and humanity would not survive.

The fact that human beings create their world and the values that sustain it means that they are endowed with social awareness. Their existence is not limited to the here and now. As creators and carriers of values, they exist in a social space-time. As underscored by Maria A. Potocka [2016, p. 57], human beings think beyond the present and simultaneously perceive themselves in the past and future. As individuals and as a species, they cannot survive without creative cognition, i.e., without shaping their reality – their space-time (Chapter VI discusses social space-time in more detail).

Following the approach of Władysław Tatarkiewicz, I do not intend to define the concept of value, but rather to present its understanding and interpretation within the broader concept of the "social nature of values". Tatarkiewicz [1978, pp. 61–62] believes that: "Defining 'value' is difficult, if at all possible, because the word seems to denote a specific, simple, nondeconstructible

phenomenon – *ein Urphänomen*, as the Germans say. Just like the words ‘being’ or ‘consciousness’. Rather than define it, the apparent definitions of ‘value’ replace it with another word that means more or less the same thing (for example ‘good’). Either that or they discuss the meaning of the term, usually in one of two ways: either stating that the value of a thing is its quality that makes it better for that thing to be rather than not to be, or stating that a thing’s value is its quality that makes it desirable or necessary.” I would add that, with regard to social categories, I reject the legitimacy of developing universal definitions. A definition is a component of a cognitive perspective. And social sciences must include a number of such perspectives and confront them with each other.

Deliberations on value generally begin with the simple question “why?”, and the answer starts with “in order to”. While not underestimating the importance of this issue (i.e., who needs values and why), I do believe that approaching it with due seriousness requires the discussion to begin with the nature and origin of values.

Subjectivity and objectivity of values

The central problem of “value theory” is whether values originate from human beings or whether they come from an external source, i.e., are transcendent and absolute in relation to man. And if the latter is assumed to be true, then generally two opposing possibilities appear: either values come from eternal and impersonal Ideas or from an eternal and personal God.

The problem facing those who believe that the source of values is man (and is therefore subjective) is how to avoid their extreme relativization – how to objectivize them. In turn, the problem facing those who believe that the source of values is transcendent becomes how to reconcile the absoluteness of values with human freedom, i.e., how to allow for their subjectivity.

Erich Fromm [1961, p. 16] makes a distinction between what is “objectively valid” and what is “absolute”, reserving the term “absolute” for approaches that assume the source of values to be transcendental and external to man. Fromm rejects this idea, taking the side of humanistic ethics. He formulates his thought as follows: “The whole concept of relative vs. absolute is rooted in theological thinking in which a divine realm, as the ‘absolute’, is separated from the imperfect realm of man. Except for this theological context the concept of absolute is meaningless and has as little place in ethics as in scientific thinking in general” [Fromm 1961, p. 16]. According to Fromm, assuming man to be the source of values does not preclude their objectivity.

Emmanuel Mounier [1950] took the view that values are absolute and, therefore, faced the problem of how to reconcile their objectivity with the personal responsibility of the individual. His solution was to introduce the

concepts of the individual as a “person” and of the “personal universe”. Persons do not exist for themselves and “towards themselves”, but in relation to others, towards others. “[T]he fundamental nature of the person is not originality nor self-knowledge nor individual affirmation. It lies not in separation, but in communication” [Mounier 1950, p. 17]. This becomes possible as long as persons find themselves in ultimate values because persons cannot in the full sense exist apart from values. But neither will values exist if the person does not say to them “let there be your truth” (*fiat veritas tua*) [pp. 69–70]. Human freedom is the freedom of persons finding themselves in eternal values, and these are an appeal of the supreme Person [pp. 59, 69]. According to Mounier, subjectivity of values consists in that they “have to be reborn through persons (...) mediating between all, drawing them out of their isolation, and relating them to the universal” [p. 70].

Mounier turns the polemical blade of his personalism against philosophical idealism, in which values are impersonal ideas that philosophers attempt to conceptualize. Mounier categorically disagrees with the view that a person could be subjected to anything impersonal. In this context, he is particularly critical of Hegel, whom he calls “the imposing and monstrous architect of the imperialism of the impersonal idea”, which, according to Mounier, leads Hegel to believe in complete subservience of the individual to the State [Mounier 1950, p. XVI]. On the other hand, Mounier argues against the various forms of collectivism based on the conviction that a world of order and peace can be created through compulsory education, industrial organization, and the rule of law. In practice, such collectivist ideologies and organizations lead to police-rule, cruelty, and war because they objectify people, and this “collective neurosis” leads to a depersonalized and closed society [Mounier 1950, p. 28].

Mounier was convinced that the desired political and economic change, the change of social structures, will not be possible without an appropriate axiological foundation, without a spiritual revolution, without people undergoing an internal transformation or a conversion of sorts [Czarkowski 1982, p. 41]. This was reflected in the belief, fundamental for his personalistic concept, that: “Any reality transcends the human person only as long as we acknowledge that it includes the presence of a personal God, and only a surrender to such a reality allows man to discover his own person. Thus, in the end, man becomes a person only when he turns to God” [Czarkowski 1982, p. 26].

The problem of subjectivity and objectivity of values was also addressed by Martin Buber [1965, 1970]. His reasoning is based on the recognition of the duality of human nature, which belongs simultaneously to the objective and subjective world. Buber describes it thus: “[T]he principle of human life is

not simple but twofold, being built up in a twofold movement which is of such kind that the one movement is the presupposition of the other. I propose to call the first movement 'the primal setting at a distance' and the second 'entering into relation'. That the first movement is the presupposition of the other is plain from the fact that one can enter into relation only with being which has been set at a distance, more precisely, has become an independent opposite. And it is only for man that an independent opposite exists" [Buber 1965, p. 60]. The objectified world is denoted by the basic word: It. The world of relations emerges from the basic words I and You. For humanity the I-You relationship is key. "Man becomes an I through a You" [Buber 1970, p. 80]. Meetings and conversations form the essence of this relationship. "Without It a human being cannot live. But whoever lives only with that is not human" [p. 85].

The world of objects refers to what is changeable, the world of relations - to what is eternal and absolute. Buber puts it this way: "The It-world coheres in space and time. The You-world does not cohere in either" [Buber 1970, p. 148]. There is a split between It and You in man. This is an expression of his freedom. Ethics have individual validity. Thus, I is subjectivity. But I makes a person out of an individual only in the IYou relationship, which makes it human when it refers to the only absolute - God. This relationship reveals what is objective in man, what is innate and absolute, even though he may not personally find it within himself or may find it and then lose it. Buber's subjectivity and objectivity are integrally linked within man. "Subjectivism is psychologization while objectivism is reification of God; one a false fixation, the other a false liberation" [Buber 1970, p. 167]. Without God as the absolute You, I loses itself in It.

Buber believes that "man's 'religious' situation, existence in the presence, is marked by its essential and indissoluble antinomies. That these antinomies are indissoluble constitutes their very essence. Whoever affirms the thesis and repudiates the antithesis violates the sense of the situation. Whoever tries to think a synthesis destroys the sense of the situation. Whoever strives to relativize the antinomies annuls the sense of the situation. Whoever would settle the conflict between antinomies by some means short of his own life transgresses against the sense of the situation. It is the sense of the situation that it is to be lived in all its antinomies - only lived - and lived ever again, ever anew, unpredictably, without any possibility of anticipation or prescription" [Buber 1970, pp. 143-144].

I must distance itself from the absolute You and find a path to it. Martin Buber concludes his seminal work *I and Thou* with the following words: "History is a mysterious approach to closeness. Every spiral of its path leads us into deeper corruption and at the same time into more fundamental return.

But the God-side of the event whose world-side is called return is called redemption” [Buber 1970, p. 168]. For Buber, the subjectivity and objectivity of values is encapsulated in man himself and his relationship with God. The community appears here only as a circle of persons who are radii leading from the I-points to the middle of the circle, at the center of which is their absolute You [p. 163].

The issue of the relationship between objectivity and subjectivity of values has been the focus of much interest among phenomenologists, including Max Scheler [2008]. He tried to demonstrate that the nature of values is absolute and making them subjective leads to axiological “blindness” or “delusion” [Scheler 2008, p. 14]. The following thesis seems fundamental to Scheler’s reasoning: “The so-called ethical ‘relativists’ have always been the absolutists of their own particular periods. (...) It is ethical absolutism, the doctrine which teaches that there are eternal evident laws of preference and a corresponding eternal hierarchy of values, which has recognized and could afford to acknowledge this much more far reaching relativity of value judgements” [p. 28]. What follows from this thesis is that values exist objectively, forming an eternal hierarchy and corresponding laws of moral preference, which are as objective and strictly “evident” as mathematical truths.

The problem is that uncovering and appreciating these values and preferences cannot be achieved by just anyone. Only “moral geniuses” are capable of that [Scheler 2008, p. 23]. It is them and only them that can discover the eternal order and help abolish the axiological delusion in human consciousness. Scheler claims that: “There are mathematical problems and theories that only a few people can as much as understand. The same can be true in the moral and religious sphere” [p. 71]. Such individuals are unique in their ability to apprehend absolute values, being better endowed with the gift of cognition and feeling. In their case, “cognition” is achieved through “revelation”. Their mission is then to communicate the objective truth and values thus learned to others. To accept them, the others must “believe” what the spiritually rich “see”. Scheler concludes this thread of his deliberations as follows: “In this formal sense, ‘revelation’ is a *fundamental concept* of epistemology and of any genuine human civilization” [p. 71].

Scheler’s approach to the concept of values is extremely individualistic. He presents the community as a group burdened with resentment, i.e., succumbing to delusion, or as a spiritual reference for those who form it, conveying to it the true (i.e., absolute) nature of values and their hierarchy. Real community and solidarity exist insofar as the individual is an organ of the spiritual community, and the community as a whole is inherent in them [Scheler 2008, p. 84]. Scheler’s approach is permeated by “the Gospel’s profound spirit of

individualism” [p. 40]. This stems directly from his thesis that “the Gospel’s morality preserves its severely individualistic character. The *salvation* and the *being of the soul* is its primary concern” [p. 42].

And here we arrive at the fundamental difference between my own and Scheler’s understanding of the subjectivity and objectivity of values. Scheler not only claims that values are absolute in nature, but also that their objective existence results from their apprehension by particularly well-endowed individuals. In turn, he attributes the subjectivization of values to social groups that relativize these values, which leads to axiological blindness. Subjectivization is a consequence of relational, or social, valuation [see Scheler 2008, pp. 12-13]. Scheler states that: “If indeed we follow the criterion of social utility, we must judge and feel differently. Then the inner state of the individual soul, especially of its unconscious layers is unimportant: the main thing is to keep the sinful impulse from harming the common interest” [p. 42]. I fully agree with this statement, but my reasoning is different – in fact, it is exactly the opposite: the objectivization of values results from social valuation, and their subjectivization results from their individualization. In the context of valuation, Scheler assigns primacy to the individual; for me, it should be assigned to the community, but one that produces values, particularly existential ones. Without social relationality, values do not exist.

A distinguishing feature of the phenomenological approach is the belief that the existence of values cannot be separated from duty. And so Nicolai Hartmann [1962] believes that the ideal duty is a modality of values. Phenomenologists consider the nature of values to be objective, but its existence is revealed subjectively through duty that attracts the individual. For Hartmann, duty works through a “sense of value” (*Wertgefühl*), as discussed by Jacek Filek [1996, pp. 113–119]; for Max Scheler [2008, p. 71] it works through “revelation”; while for Dietrich von Hildebrand [1953, p. 103] – through “intellectual intuition”.

Hartmann states that a sense of values in man is their announcement of being in the subject, and precisely of their specific, ideal way of being [Hartmann 1962, p. 121]. A sense of duty has two vectors, one objective (a sense of duty) and the other subjective (a sense of duty *towards*) [Filek 1996]. This makes values exist ideally, but remain oriented towards reality [Kopciuch 2007, p. 53].

Ideality of duty means that the validity of values must be (1) extratemporal and nonprocessual, (2) general, and (3) independent of the subject’s valuation [Hartmann 1962, pp. 180–181; Kopciuch 2007, p. 54]. Values exist of their own accord, constitute an a priori duty for the subject, and are independent of valuation as such (which belongs to the subject) [Hartmann 1962, p. 149]. Consequently, for phenomenologists, the absolute nature of values does not

preclude the individual's autonomy, will, or responsibility, nor does it deprive them of their subjectivity. On the other hand, as emphasized by von Hildebrand [see Szymeczko 1964, p. 51], each value has an absolute existential value, has its ideal existence: it remains itself regardless of whether it is known by man or not. Thus, in phenomenological terms, the objectivity of values means that their existence is independent of personal relationships, even though it is supposed to lead to such relationships in one way or another.

In my view, the nature of values is both objective and subjective. Its objectivity stems from, among other things, the fact that values are produced in a reality that precedes and conditions action. In turn, its subjectivity results from the fact that values are produced by people. Therefore, values are emanations of subjectivity.

Many participants of the great and timeless controversy over the nature of values have attempted to cross this demarcation line. Among them was Immanuel Kant, who opened up new areas for reflection, lying between psychological skepticism and metaphysical dogmatism.

Personally I also favor the removal of the demarcation line drawn in this way. How can this be achieved? By consistently adopting the view that values have a social nature and that their production occurs within the community. In this way, we abandon the subjective-individualistic concept of values without taking the position that values are given, eternal, and universal. Values are both subjective and objective. They are not absolute, because they are produced and to some extent variable (they are given new interpretations), but they are also not picked at whim, because they lay the foundation for the social (communal) order that binds individuals. They constitute an ideal dimension of reality, one that exists in the form of social community. If community fades, its ideal (transcendent) reference disappears as well. It is communities, not objects or individuals, that are carriers of values. They are not eternal – they are historical, but, in spite of this, they are not purely subjective.

A value is an essence, not a thing; a phenomenon, not an object. Values cannot be owned – one can be in possession of valuable objects, goods that carry value, but not values as such. Existential values are carried by interpersonal social relations. Values exist not as beings or states but as social phenomena that are produced and serve production. Values result from social interactions and sustain these interactions when they are recognized (appreciated). They are “products” of both action and cognition.

Values are phenomena that both maintain social reality and cause it to change. We need values not so much for our own sake as for the sake of others. Values infuse our actions with meaning; they result from these actions while simultaneously providing them with social grounding. They are a sort

of synthesis of actions and cognition. This is how we gain subjectivity. Values universalize individual existence, which does not mean that they reside outside of existence and time. They are not absolute and do not absolutize themselves. They solidify the social realm, but at the same time they make this realm more coherent and transform it. And this is the essence of their universalizing power, always resulting from and sustained by concrete activity of creation and reflection.

This universalizing power also means that values become intrinsic and self-evident, which does not make them absolute. Produced values generate communities of production. But values are not eternal: if the community of production disappears, values cease to be produced and fade. Thus they acquire their existential nature. Their production sustains the existence of the community. At the same time, they are self-evident in the sense that they entail norms and duties. The community's participants act in a certain manner because they ought to, because it is right to do so, even if this does not yield immediate or individual benefits. Were they to act differently, contrary to the norm, the community would not survive, and thus the production of value would cease. But as long as the norm is respected, the community is preserved, and the process of value production continues to be sustained; the community undergoes the process of institutionalization understood as the reinforcement of its axionormative constitution.

Universalization of values also means that values generate publicly available goods that can also be used by those who themselves do not produce a given value themselves. Examples include knowledge and trust. In this sense, goods generated in the process of producing values are resources used by others to produce other values, to instrumentalize and process values in order to produce specific goods, or simply to be able to act.

The process of value production is a universalizing process, but it does not lead to subjective or axiological homogeneity. It is a social process, which means that it is a process of coproduction involving various autonomous actors. Without the coexistence and coinfluence of independent actors values cannot be produced. This multiplicity of autonomous actors provides a diversity of cognitive needs and perspectives and is a *conditio sine qua non* for value production. This also means that humanity's survival depends on the production of values. There is no social world with singular subjectivity and singular value. Multi-subjectivity and axiological diversity make the social world possible and capable of development and, consequently, survival.

The position of Edmund Husserl, as presented by Maurice Merleau-Ponty, fits in well in this context: "If the other is truly for himself alone, beyond his being for me, and if we are for each other and both for God, we must necessarily

have some appearance for each other. He and I must have an outer appearance, and there must be, besides the perspective of the For Oneself – my view of myself and the other's of himself – a perspective of For Others – my view of others and theirs of me" [Merleau-Ponty 1970, p. xii].

There is no value production without multi-subjectivity, and there is no subjectivity without the coproduction of value. A being becomes a subject if it participates in the coproduction of value. It is a being-for-itself as long as it is a being-for-others and as long as it produces existential values with others.

The process of value production is complex. Not only because it involves multiple subjects, but also because it produces bundles of values rather than singular values. Some values condition the production of others. As a result, we are forced to combine and reconcile different values. Conflicts of values are inevitable. What follows is that we must work out norms that will enable us to reconcile different values; to agree upon them, but also to resolve conflicts of values.

Daniel Bell [1978, p. 10] is obviously right in emphasizing that society is not integral but disjunctive – that its individual segments change according to different rhythms, are regulated by different axial principles, and are bound by different norms. This gives rise to tension and conflict, which under certain conditions can lead to the breakdown of the social order. That is why it is so important to strive towards social cohesion, which requires an institutional mechanism for conciliating and resolving conflicts of norms and values.

However, this cannot be achieved if certain actors understand and approach values fundamentally, considering them absolute and indisputable. Fundamental approaches cannot be reconciled. What remains is peaceful coexistence and ecumenism or open war [Šnajder 1997, p. 91]. Absolutizing values can consist in establishing the hegemony of one value system and excluding all other systems and their advocates from the public sphere. Alternatively it can consist in considering one particular value to be unconditionally superior and inviolable and instrumentally subordinating all others to it. This is the case with the libertarian understanding of individual freedom. Bell [1978, p. 16] points out that *laissez-faireism*, at its extreme, becomes "rampant individualism".

Values, including existential values, must be balanced. And this requires an institutional mechanism with discourse and axiological deliberation at its core. The lack of such a mechanism leads either to an extreme fundamentalization of values or their extreme instrumentalization, giving rise to either totalizing or anarchized societies – two polar opposites that are nevertheless locked in mutual attraction.

The approach to the nature of values presented above is contrary to the psychological approach by Shalom H. Schwartz summarized below [2012]:

1. Values are beliefs linked inextricably to affect. When values are activated, they become infused with feeling. People for whom independence is an important value become aroused if their independence is threatened, despair when they are helpless to protect it, and are happy when they can enjoy it,
2. Values refer to desirable goals that motivate action. People for whom social order, justice, and helpfulness are important values are motivated to pursue these goals,
3. Values transcend specific actions and situations. Obedience and honesty values, for example, may be relevant in the workplace or school, in business or politics, with friends or strangers. This feature distinguishes values from norms and attitudes that usually refer to specific actions, objects, or situations,
4. Values serve as standards or criteria. Values guide the selection or evaluation of actions, policies, people, and events. People decide what is good or bad, justified or illegitimate, worth doing or avoiding, based on possible consequences for their cherished values. But the impact of values in everyday decisions is rarely conscious. Values enter awareness when the actions or judgments one is considering have conflicting implications for different values one cherishes,
5. Values are ordered by importance relative to one another. People's values form an ordered system of priorities that characterize them as individuals. Do they attribute more importance to achievement or justice, to novelty or tradition? This hierarchical feature also distinguishes values from norms and attitudes,
6. The relative importance of multiple values guides action. Any attitude or behavior typically has implications for more than one value. For example, attending church might express and promote tradition and conformity values at the expense of hedonism and stimulation values. The tradeoff among relevant, competing values guides attitudes and behaviors. Values influence action when they are relevant in the context (hence likely to be activated) and important to the actor.

There are at least a couple of differences between Schwartz's psychological approach and my own. I see values not as individual beliefs but as subjective-objective human products that result from and sustain communality. They are carried primarily by social relationships, not just individuals alone. Values do not refer to the goals of actions, but to their meaning. On their own,

values do not form a hierarchy, though one may be imposed on them. Between differing values, there is constant tension; in extreme situations, conflicts between them must be resolved arbitrarily. Such resolutions determine the direction of development.

The most fundamental difference, however, that makes the approach I am presenting (and continue to develop) irreconcilable with the psychological interpretation of values, is the fact that the latter is based on philosophical subjectivism. This has been aptly pointed out by Władysław Tatarkiewicz, when he stressed that: “Subjectivity led by its very nature to psychological approaches to the value theory” [1978, p. 64]. In my view, values are relational in a two-fold sense – subjective and objective. The first of these form of relationality objectivizes values and the second subjectivizes them. This is not differentiated by needs. Needs are present in both the former and the latter, but they are needs of a different kind – one is the need for meaning, the other is the need for use. Both the former and the latter need must be satisfied. Values do not satisfy them directly but indirectly – through good in the case of existential values and goods in the case of instrumental ones.

In the essay quoted above, Tatarkiewicz also points out how values differ from natural phenomena. They are objects of someone’s experience. They are as people see them, produce them, or use them. And this does not need to be denied. At the same time, Tatarkiewicz admits that a value can be objective, even if there are those who do not respond to it, even if it does not apply in some situation, and even if its effects can sometimes be negative. He also adds: “Certain properties, such as beauty or health, are valuable by themselves, they have their ‘own’ value, no matter what their consequences are” [Tatarkiewicz 1978, pp. 66–67].

But this last remark seems questionable to me. The objectivity of values refers to human existence, the existence of the human community; values are something that conditions the existence of human beings. And if so, then their consequences are always significant, and goodness should not be attributed to something that threatens this existence. Therefore, I do not agree with Plato’s claim that “being” and “values” do not meet at any point because they ask for different things [Motak 2015]. In my opinion, “social being” and “values” are inseparably intertwined.

Value in various philosophical approaches

In order to demonstrate the distinguishing features of my position on the nature of values, and in particular on the “economics of values”, in the following section I will discuss some selected philosophical approaches to this issue.

I will devote particular attention to those approaches that include elements coinciding or corresponding with my views in order to capture the differences between their understanding of values and my own and to thus highlight the elements that are specific to the approach I am proposing.

In the following section I will present the positions of phenomenologists, Immanuel Kant, Karl Marx, Stanisław Brzozowski, Georg Simmel, and utilitarianists.

Phenomenological approach

In this case, I will not discuss the views of one particular author, but rather those presented by several representatives of the Kraków school of philosophy: Roman Ingarden, Adam Węgrzecki, and Jacek Filek. The starting point for me is Jacek Filek's article "Wzlot i upadek myślenia według wartości" ("The Rise and Fall of Thinking According to Values") [2010, pp. 192–218], in which the author presents critically, though favorably, the position of phenomenologists. He follows them in adopting the distinction between concrete values and values in themselves [p. 196]. This corresponds with my preferred distinction between existential values, which I also call intrinsic, and instrumental values.

A concrete value requires a carrier. In the case of ethical values, it is the individual. A concrete value is the realization of a value in itself that "finds" its carrier [Filek 2010, p. 197]. What draws my attention is the recognition that a value in itself requires no carrier, has no subject, is not realized. It exists ideally, becoming an appeal, a clarion call [p. 199]. For phenomenologists, a personal subject is not, strictly speaking, a "creator" of value and does not create values as such [Węgrzecki 1996, p. 121]. In my view, humans coproduce existential values and objects that enable their instrumentalization.

The way that values "operate" is described by Filek in the following manner: "Values appeal to us, as if whispering in our ears: 'This is what you should do; this is good; the world is better when there is justice, so be just'" [Filek 2010, p. 200]. Filek maintains that we respond to this appeal because we possess an axiological organ that determines our sensitivity to values [p. 201]. Values present us with demands: be just, be brave, be merciful, and so on. Therefore, their influence is strictly individual – as they whisper in individuals ears – but the resulting consequences can be social as the world becomes a better place. In this line of thought, the social aspect appears at the end – as a result.

Adam Węgrzecki wrote about the "obligating nature of values" in the following manner: "when faced by them, the subject experiences a kind of a 'call' or 'obligation' of which they are the source" [Węgrzecki 1996, p. 122]. And his mentor, Roman Ingarden, presents it thus: "Without direct and intuitive

communion with values, without the joy that this communion offers, the individual is deeply unhappy. In turn, the individual is gladdened when values become a reality and falls under their particular charm” [Ingarden 1987a, p. 23].

The following thesis by Filek is key for understanding the fundamental difference between his approach my own: “There may be no righteous act in the world, no righteous institution, and yet one can have an intuition of righteousness itself” [Filek 2010, p. 202]. Here I must disagree: if there were no righteous deeds, there would be no community, and without it there would be no social world, no humanity. The phenomenological approach assumes that values themselves exist as unreal entities, such as mathematical objects. This muddles their ontological status: they are supposed to exist differently from concrete values but, in my view, their mode of existence remains unexplained.

Filek is well aware of the fundamental weakness of the phenomenological position and discusses it earnestly, underscoring that “this means that there is a reality beyond that of our own, which somehow influences us and directs us” [Filek 2010, p. 206]. And this assertion has led most philosophers to abandon “thinking according to values”. At most, they concluded that the notion of values can be useful for individual sciences whose representatives need to work out their own understanding of it, one only appropriate for their particular field of science, as has been done, e.g., by economists and psychologists.

According to Filek, the phenomenological standpoint raises an additional question, namely that of “the relationship of these generally significant values to the one unique value of my person”. And he adds: “Man turns out to be the crossroads of two different axiological perspectives which – as it appears – clash with each other head on” [Filek 2010, p. 209].

In my view, the problems with adopting the phenomenological approach noted by Filek can be avoided by assuming that values in themselves (existential) are not given. They are produced and are carried by social relations: consequently, they are institutionally solidified. This does not prevent the individual from “being torn”, but this being torn now pertains to relating oneself to different intrinsic values and to the relationship between intrinsic and instrumental values (one needs to get through life somehow, but one also needs to have something to live for).

Filek aptly notes that if values in themselves were to be removed from their social grounding, if they operated only from within the individual, “there would be no revolutions, no ethical transformations; everything, the whole reality, would consist in the preservation of the same old values” [Filek 2010, p. 215]. Consequently, he does not favor the phenomenological approach, preferring to search for the opportunity to “think according to values” on the grounds of the philosophy of dialogue. This brings our positions much closer together.

In my opinion, the solution is to assume that values – both existential and instrumental – are a social product, and thus their nature is both objective and subjective. They can be both communal and individual. It is only that the production of existential values requires an open and imagined axiological space, a space of commoning axiological discourse, in my view: a modality². It exists in reality in the sense that it is sustained by a certain institutional order. And this order cannot be eternal, it must continue to be developed – precisely through reflection and discourse. Values are experienced and utilized individually but produced socially. And they can be produced socially for the exact reason that they are experienced and utilized individually. However, this process both requires subjectivity and leads to it. And simultaneously it stimulates development.

Social change sometimes occurs rapidly; revolution is not only part our historical experience, but also, for many, an inevitability. But are we simply to accept every change? Is every change inevitable and good? The answer “no” seems obvious enough. We should prevent certain changes from occurring, but in a way that does not block development. This is the goal of axiological reflection and public discourse. A modality is a dimension of social space where both our imagination and responsibility are revealed.

The concept of “pure practical reason” by Immanuel Kant

The foundation underlying Immanuel Kant’s approach is the assumption that “pure reason” is practical, that it “will show its reality and that of its concepts in action” [Kant 1993, p. 3]. The culminating concept of his theory is freedom, which allows all other concepts, including God and immortality, to gain “stability and objective reality” [pp. 3–4]. Without freedom, they would remain unsupported. For Kant, freedom is the condition of the moral law. “The Ideas of God and immortality are, on the contrary, not conditions of the moral law, but only conditions of the necessary object of a will which is determined by this law, this will being merely the practical use of our pure reason” [p. 4]. Kant presents the quintessence of his approach in the following remark: “(...) through the concept of freedom, the Ideas of God and immortality gain objective reality and

2 I define modality as a field of discursivity. It generates collective reflection and intelligence. It is a social space where social systems emerge. Modality is not a space of agreement and concord, but one of discourse that makes its participants aware of concordance and disparity and serves to present the available courses of action as well as the rules for their adoption and initiation. This makes social change possible. Modality is therefore not a structure: it is a space (field) of communication, one with fluid boundaries. It has as much significance for social systems as biocenosis has for biological organisms. The issue of modality is discussed at length in Chapter V.

legitimacy and indeed subjective necessity (as a need for pure reason)” [p. 4] and reminds the reader that “though freedom is certainly the *ratio essendi* of the moral law, the latter is *ratio cognoscendi* of freedom” [p. 4].

In order for pure reason to avoid (practically) contradicting itself, man (in Kant’s approach) is a part of nature, subject to its laws, but at the same time remains a being in itself, subject to the moral law, which is an expression of his freedom. What is important in this construction is that ideas (the moral law, values) are produced by man because he is free. They are produced because otherwise man would not be man, but merely a part of nature. They are the articulation of his existence, the product of individual pure reason.

Kant’s understanding of subjectivity and objectivity is specific to his approach: “[Practical principles] are subjective, or maxims, when the condition is regarded by the subject as valid only for his own will. They are objective, or practical laws, when the condition is recognized as objective, i.e., as valid for the will of every rational being” [Kant 1993, p. 17].

What bothers me about Kant’s reasoning is, firstly, the lack of connection between what is objective subjectively and what is objective objectively, and, secondly, the fact that Kant reduces the issue in question to the individual and deprives it of its social reference. This demonstrates the similarity and difference between Kant’s concept and mine. While I do agree that values are produced by humans and have an existential nature, I do not believe that they are the product of pure reason or the product of individuals. I consider them a social product, resulting not only from reflection, but also from cooperation between people.

Kant’s approach has a strong procedural component that is contained within the mind of the individual. Freedom – law – action is the right sequence. Law is born *a priori* – from the intellect. It does not result from social relations or experience. Therefore, it cannot be modified. In its own way, it is given and eternal – it is abstract, even though it has a concrete application; it is reflective, but procedurally; it is closed in a circular manner (a kind of a closed circuit), but not developmental.

Kant’s moral expectations of people are very high, as attested by the following remark: “It is of the utmost importance in all moral judging to pay strictest attention to the subjective principle of every maxim, so that all the morality of actions may be placed in their necessity from duty and from respect for the law, and not from love for or leaning toward that which the action is to produce. For men and all rational creatures, the moral necessity is a constraint, an obligation. Every action based on it is to be considered as duty, and not as a manner of acting which we naturally favor or which we sometime might favor” [Kant 1993, p. 85].

And this is where my fundamental doubts about Kant's approach come from. His reasoning precludes the individual from taking responsibility for the consequences of their actions. Freedom, this foundation of the whole construct, is understood as a moral necessity, not a choice. Which begs the question: what would the world look like if it was made up of Kantian sages? Could it grow and last? Everyone would need to be a sage for the world to be to Kant's liking, but not everyone can be transformed into a sage. To create such an ideal world is impossible, even if all people read and understood Kant's writings. Rather, the question should be what social relations facilitate the transformation of individuals into sages and whether there are enough of them in a given society.

Agata Bielik-Robson [2014] aptly noted the fact that Nietzschean "revaluation of all values" is in fact modern because its goal is to make individuals the creators of all their ideals without compromising the validity of these ideals. Kant's intention was the same. His act of individual maturity, so typical of the Age of Enlightenment, meant that, from then on, the individual would constitute laws on their own, which would not cause these laws to cease to be laws. Here the individual is no longer an emanation of an idea, but rather the idea has become an expression of individual life. This gives rise to life that dares to express itself and restrains itself with the necessary limitations in the form of the ideas that it creates.

Lofty! But can individuals truly impose such limitations on themselves? Can this happen on a broad (social) scale? I believe that such restrictions must result not only from the will and conviction of individuals, but also from the institutional (axionormative) order in which these individuals exist and operate. What I am striving to do is to associate individual freedom and activity with the indispensability of the community co-created by individuals. There is a difference between simply belonging to a group (community) and actively participating in its formation. Only the latter provides an individual with subjectivity, making them a subject as they participate in the process of producing existential values. This is also a self-limitation – one that would not emerge without communal participation.

In my view, Kant's "pure practical reason" is an equivalent of the axionormative order and the existential dimension of humanity. However, by rejecting all empiricism it neglects the instrumental dimension of human activity. This makes Kant's theory extreme – one-dimensional and impractical, despite its significance in the history of thought.

Notwithstanding, it is worth referring to Kant when we wish to understand the nature of good: "[It is] not that the concept of the good as an object of the moral law determines the latter and makes it possible, but rather the reverse, [...] the moral law is that which first defines the concept of the good – so far as it

absolutely deserves its name – and makes it possible” [Kant 1993, p. 66]. Nevertheless, in social life, instrumental goods are also necessary for existential good to last and develop. Good cannot be a means, because it ceases to be good. But in order for good to be born, people must utilize goods, that is, things that are and must be instrumental and condition human existence (though not its meaning).

Marx’s labor theory of value

Karl Marx’s labor theory of value is based on the contraposition of abstract labor (represented by money, which defines exchange value) and concrete labor (which creates use value).

The foundation of this and other theories of economic value is the assumption that economic value is derived from the amount of expenditure incurred to produce a particular product. Krzysztof Nowak-Posadzy [2015, p. 22] distinguishes two types of such theories of economic value:

Following the position of Petty and the physiocrats, theories of the first type assume that value results from the cost of material resources (e.g., food for employees) required to produce the goods.

Theories of the second type refer to the views of Marshall (or even Smith) and consider value to be derived from cost, defined as the sum of all efforts and sacrifices resulting from refraining from consumption as well as the labor required to produce a commodity.

In my opinion, this approach demonstrates linear thinking about the economy: the result is equal to the effort. This way of thinking allows the production process to be presented in quantitative and technological terms but ignores its social and circular nature.

What I find appealing in Marx’s theory of value is that it encompasses not only material and quantitative relations but also subjective ones. This allows it to refer not only to production but also to the distribution of economic value.

The concept of value in Karl Marx’s theory depends on the context of its use and applies respectively to: 1) technical exchange relations between things (products, goods); 2) vertical class relations between workers and capitalists; or 3) horizontal relations between the various direct producers (workers) [Nowak-Posadzy 2015, pp. 29–30].

Subjective relationships are therefore included in Marx’s theory but in clearly quantitative terms, which results from, among other things, the assumption that capital is “dead labor” – it does not create any value but merely preserves it and transfers it elsewhere. The manufacturing process still appears to be linear, and its circularity is reduced to a simple, repeatable circuit. And so it follows that labor in Marx’s theory is understood objectively and essentially presented “in terms of the number of hours one has been hired for” [Nowak-Posadzy 2015, p. 36].

Marx's reasoning leads to the conclusion that the market economy can only exist in a form that excludes the possibility of reconciling different values and interests and is thus unsustainable – it can grow, but it cannot develop. In his *Economic and Philosophic Manuscripts of 1844*, Marx describes this in the following manner: “The increase in the quantity of objects is accompanied by an extension of the realm of the alien powers to which man is subjected, and every new product represents a new *possibility* of mutual swindling and mutual plundering. Man becomes ever poorer as man; his need for *money* becomes every greater if he wants to overpower hostile being. The power of his *money* declines so to say in inverse proportion to the increase in the volume of production; that is, his neediness grows as the *power* of money increases. (...) The *quantity* of money becomes to an ever greater degree its sole *effective* quality. Just as it reduces everything to its abstract form, so it reduces itself in the course of its own movement to *quantitative* entity. *Excess* and *intemperance* come to be its true norm” [Marx 1964, p. 147].

I think otherwise. Market economy can take different forms, as evidenced by the historical experience of various countries and civilizations. Therefore, there is also room for sustainable forms of market economy that focus on development (as exemplified by the Scandinavian countries). I am strongly in favor of socialized forms of economic activity – but not as an alternative to the market economy, but as an “economic force” contributing to the formation of a relational market economy [Hausner 2016].

However, this approach requires us to go beyond the narrow economization of the category of values. Only a broader view and a more comprehensive approach to this category can allow us to define the limits of commercialization (marketization), derived from both within and without the economic system. Marx's theory of value, on the other hand, overlooks the noncommodity aspect of the ability to work and the nonconsumption context of labor [Nowak-Posadzy 2015, p. 42].

I do not view Marx's criticism of the capitalist economy as unjustified or false, but I do believe it to be one-sided and thus leading to erroneous conclusions. I see the source of this one-sidedness in, firstly, value being reduced to economic value and, secondly, the lack of distinction between existential values and instrumental ones.

Stanisław Brzozowski's philosophy of labor

Brzozowski developed his theory in direct correspondence with Marxism, especially with Marx's early works. Above all, he was inspired by the idea of liberating man from the enslavement resulting from the products of his work and creation. “If man is to be free,” Brzozowski repeats after Marx, “he must

take control of his work and its effects” [Brzozowski 1907, p. 5]. And he adds: “True, free, and selfless life and creation of mankind can only begin after its economic liberation” [p. 6].

Brzozowski is writing about the individual – one that is free, active, and creative. Free not “from”, but “to” – “free to have power over”. Free to impose their will and hierarchy of values on the world [Walicki 2011, p. 31]. However, in order for individuals to achieve this, the largest part of the population, the proletarians, must be economically liberated. Brzozowski writes ardently: “It is, therefore, my intention to recall this axiomatic truism that the goal of man’s life is not merely to keep him alive and that the economic transformations in question are intended precisely to abolish the state of affairs which is thus restricting the existence of the largest part of the population. I mean to state this truth that humanity is tantamount to creativity, that people who are now fighting for their interests are in fact fighting for a chance to become selfless, that is, to live lives filled with love, art, self, and nature” [Brzozowski 1907, pp. 6–7]. For Brzozowski, individuals come first and are of foremost significance – they are the starting point and the end to strive for. However, the road to individual freedom must lead through changes in social relations, including specifically economic relations.

According to Brzozowski, man’s liberation should not be reduced to economic liberation; the latter is only its necessary condition. What he sees as important in man is extra-economic. Yet it cannot emerge and flourish if man is economically dependent. “Culture and freedom are equivalent. Only in freedom, in selfless creation does man get to know himself, nature, art, and thought. As long as he continues to struggle for his livelihood, he perceives everything as a means or an obstacle, and nothing has its own meaning. (...) It is only when man is liberated from economism that he can enter into a relationship with himself and nature” [Brzozowski 1907, p. 10].

Brzozowski sees the social world as a constant movement that uplifts man. He does not present it as rooted in any absolute – an absolute being or an absolute idea. The world is for him a product of action, not thought. And in this respect he stands in opposition to Kant and his a priori pure reason. Brzozowski emphasizes: “We need to rid ourselves once and for all of the myth of some absolute truth that exists beyond us and is forever defined and ready. The only form in which we know existence directly is action. (...) Rather than be, the world becomes, and the final word of the answer to the mystery of existence is freedom” [Brzozowski 1907, p. 54]. And further on: “The breakthrough in philosophy of which I speak is that freedom is taking the space that was occupied in philosophy of yore by finished and sealed being. There is no being. The essence of the world is free creation” [p. 64].

Brzozowski's attitude to Kant is ambivalent. He makes a distinction between the "royal" and "slavish" aspects of Kantianism. The former presents the subject in activist terms, whereas the latter – rejected by Brzozowski – postulates the existence of "things in themselves" that are independent of the subject [Walicki 2011, pp. 44–45].

The primary value for Brzozowski is freedom, free individual creation, which constitutes a cornerstone of his theory. He concludes: "In this sense, art is above society, above life, above conscience" [Brzozowski 1907, p. 71]. However, freedom matters only when it becomes action. Only free action generates value. It is not the same as a state of consciousness. Andrzej Walicki [2011, p. 42] underscores that Brzozowski's value is not a mental state, but a valuing deed; not a fact, but an act. An act which liberates society by liberating the individual.

Brzozowski [1990] presents a specific understanding of labor as a manifestation of man's struggle with nature and matter, and not as an economic category. This differs from Marx's approach to labor in terms of production. Work is necessary for human existence, but what provides meaning to this existence is creativity or, as Brzozowski writes, thought. However, thought must not be opposed to work; it should serve work. "Pure thought in one form or another must always appeal to work as the ultimate test: it must appeal even when it creates conditions for its new forms. When it wishes to oppose work, it is left with pure violence or pure falsehood" [Brzozowski 1990, p. 88]. Walicki emphasizes that in Brzozowski's theory: "Work is a measure of what is valuable both in life and in cognition: it is a reliable test that separates experience from presumption, reality from illusion" [Walicki 2011, p. 78].

Work is a prerequisite for the source of thought to persist. For not only is work the material foundation of existence, but its effects accumulate. Czesław Miłosz accurately captured this theme of Brzozowski's thought: "Human time is the congealed work of generations. This means that man, in his cognition, is not an abstract 'I' meeting a non-'I'. He stands on the summit of a pyramid constructed by the efforts of all those who have lived before him, and is at the same time a part of the pyramid. Thence, instead of a 'subject-object' juxtaposition, another juxtaposition appears in Brzozowski: 'Human' – 'ahuman'" [Miłosz 1981, p. 212].

Brzozowski's individualism is not contrasted with communality. It is not monadic individualism. The individual and social components of his theory balance and sustain each other. Still, "progress" results from actions undertaken by individuals.

I find Brzozowski's theory inspiring, partly because it presents a direction for polemizing with Kantianism. Still, my solution to the problem at hand

is different: it leads from what is social to what is individual. My conceptual path is marked by discursive reflective criticism, modality, subject-subject relations, and the production of existential values. In my view, these are the foundations of social life and humanity.

George Simmel's philosophy of money

The central problem with Simmel's theory begins with his view that value is firmly linked to exchange. He maintains adamantly that there is no value without exchange. He clearly makes value relative. At the same time, he does not claim that it is the exchange that creates value. He describes it thus: "(...) what we consider a proof of value is only the transference of an existing value to a new object. It does not reveal the essence of value (...) That there is a value at all, however, is a primary phenomenon. Value inferences only make known the conditions under which values are realized, yet without being produced by these conditions (...) The question as to what value really is, like the question as to what being is, is unanswerable" [Simmel 1990, p. 61–62].

I concur with Simmel in this respect: defining "value" is neither valid or necessary. What I do consider necessary is to explain how value is produced. I believe that showing only how it is revealed is not enough.

Simmel makes a distinction between the order of value and the order of reality. He views reality and value as two mutually independent categories, but without contraposing them against each other. On the contrary, he maintains that the "disjunctive parallelism of reality and value does not divide the world into a sterile duality" [Simmel 1990, p. 62].

On the one hand, Simmel presents value as having a distinctly subjective basis as it clings to the objects of subjective desire [p. 67]. He points out that value is a correlate of need, at least for those objects on which the economy is based. On the other hand, Simmel is constantly searching for an objective grounding of value. He adopts the following line of reasoning: "The fundamental conceptual question as to the subjectivity or objectivity of values is misconceived. The subjectivity of value is quite erroneously based upon the fact that no object can ever acquire universal value, but that value changes from place to place, from person to person, and even from one hour to the next. This is a case of confusing subjectivity with the individuality of value. The fact that I want to enjoy, or do enjoy, something is indeed subjective in so far as there is no awareness of or interest in the object as such. But then an altogether new process begins: the process of valuation. The content of volition and feeling assumes the form of the object. This object now confronts the subject with a certain degree of independence, surrendering or refusing itself, presenting conditions for its acquisition, placed by his original capricious choice

in a law-governed realm of necessary occurrences and restrictions. It is completely irrelevant here that the contents of these forms of objectivity are not the same for all subjects. If we assumed that all human beings evaluated objects in exactly the same way, this would not increase the degree of objectivity beyond that which exists in an individual case" [Simmel 1990, pp. 76–77].

There are a few points to be drawn from this: 1) value is objectivized by the same subject that subjectively wishes to satisfy its need; 2) the subject does this by relating itself to the object it desires; 3) in order to satisfy its need, the subject must perform a concrete exchange between what it has and what it needs, 4) thus providing the object with an objective value.

The objectivization of values consists in the subject "taming" the object of its desire, eliminating the distance between them, and providing it with a concrete subjective value. This is achieved when objects are exchanged. But, at the same time, the subject introduces the object into the world of objective values lying beyond itself. The distance that has temporarily disappeared emerges again, though in a different form. Significantly, the objectivization of value is not a one-time process. It consists of many acts of individual exchange. As a result, what was concrete becomes abstract. Thus, objectivization of values continues over time, including social time.

How, then, are the order of values and the order of reality aligned according to Simmel? How is the subjective reconciled with the objective? Through the reification of our needs in the process of the exchange. In my view, this is "objectification" rather than "objectivization". I understand the objectivization of values (making them objective) as a specific process that subjectifies (empowers) individuals, so exactly the other way around.

The see the essence of Simmel's reasoning in the following passage: "(...) the objectifying effect of what I have called 'distance' is particularly clear when it is a question of distance in time. (...) The purpose of establishing a distance is that it should be overcome. (...) Withdrawal and approach are in practice complementary notions, each of which presupposes the other; they are two sides of our relationship to objects, which we call subjectively our desire and objectively their value" [Simmel 1990, p. 75]. According to Simmel, the world of values is driven (animated) by the subjective needs of individuals, but is realized through the act of material exchange. "The form taken by value in exchange places value in a category beyond the strict meaning of subjectivity and objectivity. In exchange, value becomes supra-subjective, supra-individual, yet without becoming an objective quality and reality of the things themselves. Value appears as the demand of the object, transcending its immanent reality, to be exchanged and acquired only for another corresponding value" [Simmel 1990, p. 78].

And one more characteristic thesis by Simmel: “But the objective process, which very often also dominates the individual’s consciousness, disregards the fact that values are its material; its specific character is to deal with the equality of values. In much the same way, geometry has as its aim the determination of the relationship between the size of objects without referring to the substances for which these relationships are valid” [Simmel 1990, p. 80]. This allows me to conclude that Simmel’s approach is very different from my own. He continues to refer to instrumental values, while completely ignoring existential ones. And the way in which he describes instrumental values is also, in my view, erroneous, as he reduces everything to exchange and equivalence.

Simmel is aware that there is a social world beyond exchange but claims that it is value-generating exchange that introduces the order of values into this social world. According to his theory, value is generated in an exchange relationship between objects – in my view, it is produced by the cooperation between people and originates from subjects. For Simmel, exchange value (i.e., instrumental value) holds primacy and determines human existence. In my opinion, primacy should be attributed to existential value, which determines the creation of instrumental values. Neoclassical economics features attempts to derive value from utility (as done by Simmel in my view), but it is existential value that leads to utility through a certain transformative process.

In order to understand and explain the process of producing values, one needs to go back a long way into the experience of the human species. This experience is not passed on biologically, but socially. What I am referring to here is the social experience of individuals, not their experience of themselves. The generation of value is an evolutionary, developmental process in which various experiences accumulate and are configured. Having closely examined Simmel’s efforts to capture the simultaneously subjective and objective nature of values in a coherent way (a goal that I find close to my heart), I came to the conclusion that his solution to the problem is to understand “objectivization” as “objectification”. I consider objectivization to be an interpersonal process. It occurs through reflection, communication, and discourse. For Simmel, objectivization is the individual’s act of relating themselves to a thing (as an abstraction), and value is the result of that act. It is still an individualistic and subjective approach – with a touch of metaphysics. Simmel distances himself from subjectivism but succumbs to it by understanding valuation in individualistic – rather than social – terms and considering items (objects) – rather than social relationships – to be the carriers of values.

What I do find compelling is the notion of distance between the subject and the object as a component of the process of coproducing values. This distance is born between existential and instrumental values. The former must

exist for the latter to be produced. They cannot be completely instrumentalized (commercialized, monetized) because the process of their production will disappear.

Utilitarianism

At the opposite pole to the idealistic absolutization of values lies utilitarianism, which puts forward an extremely relativistic view of values. This is well illustrated by the views of Jeremy Bentham [1958] expressed in his 1781 *Introduction to the Principles of Morals and Legislation* – the bible of utilitarianists. Its fundamental premises reduce human nature to a movement between discomfort and pleasure. This is why people are guided by the principle of utility: they avoid discomfort and strive for pleasure. According to this approach, utility is a property of an object that favors the generation of pleasure or prevents discomfort; pleasure is everything that people desire, and discomfort is what people avoid.

A good social system is one in which, through reason and law, people can achieve a positive balance between the sum of discomfort and pleasure. Only the things that benefit individuals are justifiable in social terms because only they lead to a socially beneficial result. How is this result calculated? By listing all the values of all pleasures on one side and all the values of all discomforts on the other. Next, the number of people whose interests are at stake is considered, and the above procedure is repeated for each of them individually. A surplus on the side of pleasures means a good general tendency in relation to the whole group or collective under consideration, while a surplus on the side of discomforts means a bad general tendency in relation to the same group. And everything seems to make sense – as long as people have a clear view of their own interests.

Those who argue against the principle of utility do so, though unknowingly, on the grounds of this very principle. Is it possible to formally prove that the principle of utility is wrong? No, because what serves to prove all other things cannot be proved itself. Such proof is both impossible and unnecessary.

And so this concept of man became the foundation of neoclassical economics. Of course, it was later scientifically refined and formalized, but it was never negated in mainstream economics.

John C. Harsanyi was one of the scholars who contributed to the formalization of utilitarianism [1955]. In this approach, value is no longer interpreted as the sum of the values of individuals pleasures. A supra-individual (though not communal) reference to value appears in the form of *value judgment*, which is made from the perspective of *social welfare*; it is a non-egoistic

and *impersonal* assessment of collective preferences. Such judgment is made from a social (collective) standpoint with the adoption of the following three postulates [Harsanyi 1955, p. 310]:

- asymmetry of social preference,
- transitivity of social preference,
- transitivity of social indifference.

However, the problem is that we are still dealing with individual judgement, except that it does not pertain to the interests of the individual, but to their perception of what is beneficial for the collective. This judgement is supposed to be individual, but impersonal; it is supposed to be independent of specific people and is to be made regardless of their specific interest. Each individual in this version of utilitarianism has a defined function of individual (egoistic) benefits and their own function of evaluating collective benefits (*welfare function*), one that they define independently of others and which is in this sense altruistic. In this way the ethical beliefs of the individual are maintained to be rational.

This rationality is based on the assumption that individuals, despite all the differences between them, are able to independently compare different types of benefits – their own and collective. In consequence, the general (i.e., social) function of welfare can be considered to be a weighted sum (weighted average) of individual utility functions. The relevant weights are derived from individual value judgements. And even if we assume that individuals are insufficiently informed, this does not undermine the assumption of their rationality; at worst, the final result will not be strictly accurate, but it should still be satisfactory on a scale of objectified probability [Harsanyi 1955, 320–321].

Harsanyi's formula and other similar propositions constitute the basis for recognizing the concept of rational man as an analytical model that is in line with the empirical world and not only as a methodological approach. They are meant to demonstrate how decisions are actually made by economic actors. This approach is consequently intended to prove that "rational" behavior of individuals is the best means to achieve general (macroeconomic, market) equilibrium (general equilibrium theory). It was later transferred to the macro-social sphere and became the foundation of public choice theory.

The criticism of this approach concerns several perspectives. And it aims to undermine the assumptions of the "economic man" model as a factual, i.e., not constituting a valid approximation of social reality [see Ormerod 2017]. This pertains particularly to the following assumptions:

Each actor has a specified system of preferences regarding the available choices, and this preference system is permanent.

Actors make their choices independently, and their preferences do not influence the decisions of others. The decisions of other actors are influenced only indirectly – through setting prices.

An actor obtains and is able to process complete information about the alternatives when making a choice in a given situation.

Although it has been empirically demonstrated that actors operate under conditions of incomplete information, asymmetry of information, and unequal access to information, the construct of “economic man” continues to be strongly supported in mainstream economics. The only practical concession is the admittance that markets do not really operate “perfectly” (market failure). But they do work, and disturbances in their operation are attributed primarily to public intervention.

Roger Scruton commented on this with the following sneering remark: “I don’t know whether anything that economists say is true. For almost all of them argue as though it were not human beings who are the subject of their discipline, but ‘profit maximizers’, people wholly immersed in and dominated by the ‘I’ attitude, acting according to the principles of cost and benefit, and never troubling to make the distinction between real and unreal products, between right and wrong ways of behaving, between responsible and irresponsible attitudes to present and future others” [Scruton 2010, pp. 32–33].

However, the most damning criticism of this model pertains to the fact that the actors do not actually make optimal choices and do not optimize their actions. If their actions can be considered rational, then only to a limited extent. This was demonstrated by Herbert Simon [1993] through the concept of “bounded rationality”. And the crux of the matter is not that the decisions made by individuals are not “perfect”, but that the decision-making process is about adopting solutions that are satisfactory rather than optimal because the latter, even if possible, would be too time-consuming and costly. And furthermore, in complex decision-making situations, the point is to find solutions that are satisfactory from the standpoint of at least several actors and not just the individual [Ormerod 2017, pp. 28–29].

Thinking about values

The grammar of values cannot be understood by someone who does not participate in their coproduction. And value production results simultaneously from necessity and need, as pointed out centuries ago by Giambattista Vico, who considered them the source of human activity [Krzemień-Ojak 1966, p. XXV]. I interpret necessity existentially and need instrumentally. Satisfying needs comes down to biological survival. I associate necessity with things that

give meaning to the human existence and also require the individual to be communalized. Necessity situates human existence in an axionormative order, in a world of subjectivity's becoming. Satisfying needs makes this possible and resultingly relates social relationships to the world of subjectivity.

Man is doomed to thrash between the metaphysical and the practical, between the existential and the instrumental. Maria A. Potocka [2016, p. 21] dubs this state "existential irritation". And she adds: "If the world included only things that served their assigned functions (...) there would be no problem of value because everything would be equally justified and thus valuable. As a result, there would be no such thing as experiencing value. However, the human world is dialectical, filled with an excess of contradictory possibilities, and, therefore, we are programmed to value" [Potocka 2016, p. 89].

The assumption that values are socially produced, and not just individually recognized and related to the world around us, means that values cannot be forced to fit any system. They escape such frameworks because the production of values requires a space-time that is open and includes purely symbolic and communicative elements.

I find the term "value system" to be cognitively barren. It implies a functional and synchronic understanding of the social world. And the truth is that this world is constantly pulsating and happening; diachrony and transformation are necessary. One can impose on the social world an awkward axionormative order through ideology, but this inhibits social dynamism, and any such order will disintegrate over time. Brzozowski [1990, pp. 96–97] warns against ideological hegemony, postulating that ideas should emerge from life, and he argues against imposing ideas on life.

Imposing a certain value system and establishing its hegemony leads to tyranny, regardless of how many people believe this to be justified; this is true even if the majority of the society shares this conviction. Taking this direction, as rightly pointed out by Węgrzecki [1996, pp. 124–125], stems from a belief that values are objectively entitled to have power over man, that they are "suprahuman". That they are not produced by people, but exert control over them, endowed with some kind of power to guide people.

Tyranny, even if founded on ideology, always results in the instrumentalization of values. This process was well described by Max Horkheimer and Theodor W. Adorno [1989] on the example of Nazism. They write about it thus: "That the hygienic shop-floor and everything that goes with it, the Volkswagen or the sportsdrome, leads to an insensitive liquidation of metaphysics, would be irrelevant; but that in the social whole they themselves become a metaphysics, an ideological curtain behind which the real evil is concentrated, is not irrelevant" [Horkheimer, Adorno 1989, p. XV]. These

authors aptly point to the example of confusing goods with good. This is the area where the fundamentalization and instrumentalization of values converge.

Fryderyk Nietzsche also noticed and discussed this in his characteristic manner [1968]. Though often accused of nihilism, he rather warned against it. This seems clear to me from his following remark: “The nihilistic question ‘for what?’ is rooted in the old habit of supposing that the goal must be put up, given, demanded *from outside* – by some *superhuman authority*. Having unlearned faith in that, one still follows the old habit and seeks *another* authority that can *speak unconditionally* and *command* goals and tasks” [Nietzsche 1968, p. 16]. And this leads to a situation where the imposed “highest values devalue themselves” [p. 9]. Similarities between the consequences of fundamentalism and instrumentalism can also be observed when we consider how these two extreme orientations affect the “common good” – in my opinion, they both cause the latter to be extinguished [see also Hardt, Negri 2009].

Maurice Merleau-Ponty believes that: “Our convictions are built less on perceived values and truths than on the vices and errors of those we do not like” [Merleau-Ponty 1988, p. 41]. He calls for positive and independent thinking. Only such thinking relates to values. It should not consist in mere rejection. It should be an affirmation, a choice. I do believe that thinking must be critical to be positive – to propose something, something must be denied. But denial does not necessarily mean outright rejection. Rather, it is about approaching the considered issue differently, from a different cognitive perspective.

But I take more issue with Merleau-Ponty’s perception of values in the context of thinking and declarations. For him they result from taking sides and are, therefore, subjective. And for me this is only half of the picture. The other half results is human interaction, including critical discourse. This is what enables the becoming of values what generates them and makes them objective.

In Merleau-Ponty’s writings, philosophy reaches that point of cognition where the power of the unprovable comes into play. This gives it a metaphysical dimension. In turn, I believe that thought has power when it implies action. In the discussed dimension of the social world, proof does not precede action. It is action that creates proof.

I am more inclined to agree with another of Merleau-Ponty’s remarks: “Having passed a certain level of tension, ideas cease to develop and live. They fall to the level of justifications and pretexts, relics of the past, points of honor; and what one pompously calls the movement of ideas is reduced to the sum of our nostalgias, our grudges, our timidities, and our phobias” [Merleau-Ponty 1988, p. 41]. He emphasizes that ideas must remain in motion to continue to live. This is manifested by the fact that they are not “preserved”,

but remain in discourse, in the circulation of thoughts. I would add, however, that they cannot be maintained in this circulation if they do not imply social action and do not refer to it. Consequently, this means that they must be subjected to critical reflection and revision.

For myself, Brzozowski was a model of this intellectual attitude. Here is what Andrzej Walicki writes about him: “It would be a futile task to search for comprehensive and objectivized reports on other scholars’ theories in Brzozowski’s writings; nevertheless, he often presented original, though sometimes one-sided, interpretations of such theories, manifesting surprising aptness of unexpected juxtapositions and contrasts – often quite controversial but always justified on the basis of his own approach. This was a form of ‘growing new things into ones already created’” [Walicki 2011, p. 143].

Conclusion. An economist’s reflection

The controversy over values remains at the center of the debate about scientific cognition and about the difference between the exact and social sciences. No accurate economic theory of value can be formulated without acknowledging that values have a social nature and that it is existential values, and not instrumental ones, that give meaning to our being and becoming. I believe that this task can be accomplished by adopting the following premises:

1. Values have a social nature and cannot be forced into the framework of “individualism”,
2. The nature of values is both subjective and objective. Objectivization occurs when communal experience is generalized,
3. The ontological foundation of values is constituted by subjectivity – understood dynamically and evolutionarily,
4. A distinction must be made between existential values (subjective and abstract) and instrumental values (objective and concrete),
5. The former determine the latter, as instrumental values are derived from existential values,
6. The axionormative order is shaped by those who engage in discourse and are capable of modal thinking,
7. Instrumental values (goods) are produced by various types of social actors,
8. Values are a component of cultural heritage and are thus passed on to successive generations and communities that reinterpret and multiply them. And this allows them to both maintain continuity and change over time,

9. Values must be considered in terms of development rather than balance. Otherwise, they become absolutized, and the resulting fundamentalization of thought and action paralyzes dialogue and development,
10. Conflicts of values are inevitable, resulting in the constant need for axiological reflection and discourse.

Existential values refer to relationships between people. Their strength stems from the fact that they help people lead meaningful lives and transform themselves by growing as individuals and communities. Producing them requires a specific social space-time. Existential values are experienced, while instrumental values are applied. Existential values produce cognitive perspectives and space, while instrumental values produce space for action and operational knowledge.

Maintaining a balance between the production of existential and instrumental values prevents individualism from breaking up the community. Consequently, individualism becomes communal, and the social world becomes a community of communities.

If we psychologize values and deprive them of social content, we will not be able to capture the ways in which they are produced. We will focus solely on their purpose, not their origin. Considering values from a functional perspective is not enough, as it ignores the problem of their production.

The instrumentalization of values may result both from their absolutization (ideological hegemony) and their relativization (operational instrumentalization). Both these extreme approaches imply their atrophy. There are no evil values. Evil is born from their extreme absolutization and extreme instrumentalization.

The outlined conceptual sequence goes as follows: human needs – cooperation – existential needs – values – the process of value production – axiology – institutions – institutional order – modality – subjectivity – production of goods – economy.

I find remarks voiced by Nicolas Bourriaud important in this context: “Today, after two centuries of struggle for singularity and against group impulses, we must bring in a new synthesis which, alone, will be able to save us from the regressive fantasy that is abroad. (...) In our post-industrial societies, the most pressing thing is no longer the emancipation of individuals, but the freeing-up of inter-human communications, the dimensional emancipation of existence” [Bourriaud 2002, p. 60].

This fundamental demand can only be met if, as a community, we turn towards existential values and not, as has thus far been the case, towards values that are almost exclusively instrumental. In particular, we need to refrain

from the unregulated instrumentalization of existential values, having come to understand that respecting them is the foundation of the process of value production, which is indispensable for humanity's survival.

This defines the challenge facing economists today. In order to meet this challenge, we must rebuild and revive the roots of economic sciences in moral philosophy. Economics cannot limit itself to the analysis of efficiency and growth but must first and foremost consider quality of life and development. Its cognitive perspectives and their associated concepts, which currently serve to objectify individuals and communities, should promote their empowerment. The foremost aspect of economics should be "economics of values". Then it will serve to generate economic value and help sustain humanity's economic activity.

CHAPTER II

TOWARDS ECONOMICS OF VALUES AND A NEW ECONOMIC THEORY OF VALUE

Introduction. The need for ethical reflection

Many scholars have argued against the narrow understanding of economics. In Poland, these have included Jerzy Wilkin, who emphasizes that different paradigms (schools of economic thought) are based on different concepts of man. This is the most fundamental difference between institutional economics and neoclassical economics [Wilkin 2016, p. 15]. Wilkin accurately points out that treating economics as an exact science, akin to natural sciences or physics, is founded on the premise that human behavior is universal, as expressed by the concept of *homo economicus* or the broader concept of rational man [p. 33]. Wilkin illustrates his considerations with Kenneth Boulding's remark [1970, p. 122]: "Science (...) will be destroyed unless the culture in which it is embedded also gives at least minimum support to the scientific ethic." Let it be the starting point for the following reflection on labor in the digital economy.

The effects of the globalization, financialization, and digitalization of the economy include, among others, profound changes in labor relations. Work is ceasing to be locally tethered; it is becoming mobile, and on a global scale [see Global 2017, p. 35]. As a result, however, the legal and social basis of the contract between the employee and the employer is no longer obvious. Nor is the "taxation" of labor. While increasing competition, this diminishes the social protection of labor. As a consequence, nonstandard forms of employment are becoming more common. At the same time, human workers are being replaced and displaced by machines, robots, and artificial intelligence.

Artificial intelligence (AI) poses an exceptional challenge for the market economy, democracy, and social life, yet it is being developed in the absence of almost any regulation [Global 2017, p. 50]. Establishing such regulation will be as difficult as it will be necessary. It cannot be done without referring to specific ethical foundations. Debate on this has already started, but economists generally remain on its sidelines. One exception is Robert Skidelsky, who, together with his son Edward, published the famous essay *How Much is Enough? Money and the Good Life* [Skidelsky, Skidelsky 2013]. The key premise behind the proposals for systemic changes presented therein is “technological unemployment”. However, the authors are primarily concerned about the fact that the modern economy is driven by excessive consumption, which leads to many adverse macro-economic and macro-social consequences. This is well expressed in the following series of clearly formulated theses describing the system in which insatiable consumption has become the driving force:

1. “This is an environment in which the countervailing power of trade unions and democracy has been greatly curtailed in the interests of profit maximization” [Skidelsky, Skidelsky 2013, p. XI],
2. “Advertising is the ‘organized creation of dissatisfaction’” [p. 40],
3. “If cynicism is knowing the price of everything and the value of nothing, then the centers of world finance are breeding grounds of cynicism” [p. 41],
4. “The logic of the contract was sundered from the logic of reciprocity” [p. 52],
5. “Capitalism, it is now clear, has no spontaneous tendency to evolve into something nobler” [p. 70],
6. We call politically orchestrated insatiability growth [p. 77].

As an extreme illustration of such modern market capitalism, the authors recall the famous quote by Thomas Murphy, President of General Motors, who once remarked that the business of General Motors is to make money, not cars [Skidelsky, Skidelsky 2013, p. 75].

Though I do appreciate the aptness of the diagnostic observations made by the Skidelskys, I distance myself from their proposals for systemic changes. At their core is a conviction that the remedy consists in curtailing consumption by reducing work hours and increasing leisure time. In general, the debate over their essay revolves around what people would do with that time and, consequently, whether increasing the time available for leisure would actually reduce or increase consumption. I remain skeptical about the former possibility, as I think that most would choose to look for extreme sensations and would thus become even more addicted to the consumerist frenzy. But, of course, this is purely a speculation.

The authors of this noted essay assume that the establishment of universal basic income in highly developed countries will ensure a high quality of life. This conviction, however, is undermined by the studies of Daniel Kahneman and Angus Deaton [2010, p. 1], which demonstrate that the relationship between income and life satisfaction is not clear-cut. While emotional well-being does increase with the growth of the individual's income, it does so only to a certain level (specifically: 75 thousand USD annually). Moreover, the same authors point out [p. 4] that, if we distinguish between emotional well-being and life evaluation, then a relationship can be demonstrated between income levels and the former category, but not the latter. While income does increase individual satisfaction, it does not ensure a happy life. The latter depends to a much larger extent on the individual's social ties. Sufficiently high socioeconomic status offers satisfaction to the individual, but this is not enough for them to consider their life as good and fulfilling. These two categories of psychological self-esteem are formed in two different social space-times. A good, fulfilling life is associated with subjectivity, which is conditioned socially rather than materially. This fuels the perennial debate about individualism and personalism. Values such as autonomy, freedom, trust, or life fulfillment result not only from the experience and behavior of individuals, but also from their social relationships and the possibilities created by these relationships with regard to the social production of these values.

Freedom must be within us in order to be for us. People do not follow the logic of Bentham's hedonistic calculus. And even if they did, this would not guarantee them a fulfilling life.

However, there is another, more important point of contention between myself and the views presented by the Skidelskys. Considering that their abovementioned theses indicate that there are not enough forces to balance the domination of profit-oriented corporations in the modern system of market capitalism, then how can such forces emerge with more and more people devoting increasing amounts of time to leisurely pursuits? This is something I can hardly imagine.

I do not contest the individual concrete proposals put forward by the Skidelskys, and that includes the introduction of universal basic income. Analyzing its feasibility is indeed a task worth pursuing. However, I am skeptical whether the problems identified by the said authors can be solved by adopting their way of thinking, as I do not expect limiting consumption to have a sufficiently powerful impact. Even though it may be a worthwhile objective, I believe that it would be better served by bolstering the value of work and eliminating its heretofore alienating effects than by restricting its role in people's lives.

To phrase it differently: the essential solution lies not on the side of demand and consumption, but on the side of supply and production. That is why I place so much emphasis on the nature of companies, the purpose of their operation, and the way the latter is carried out. This is the context for the proposed Firm-Idea concept, which has been formulated in opposition to the concept of “shareholder value” companies (the Firm-Idea concept is presented in Chapter VIII).

The starting point for solving the problems discussed by the Skidelskys as well as others should be a transition from the company model driven by financial capital to a model focused on people and their creative potential accompanied by a transition from the transactional and opportunistic economy to a relational and pro-productive economy. And this is where I see opportunities for the emergence of those social forces that will create a new socio-economic imaginary and generate an appropriately corresponding macrosocial framework.

Profit and loss accounting and resource accounting

As such, instrumentalization of existential values is necessary to conduct business. The question is whether this instrumentalization sustains existential values or destroys them. If the latter is true, the system of economic activity becomes predatory and unsustainable. Avoiding this scenario requires appreciation of the difference between profit and loss accounting and resource accounting. Unfortunately, the accounting systems used in actual practice do not cover or discern this second dimension of economic activity. This is because the accounting books primarily deal with the transactional dimension of economic activity, while the resource dimension is marginalized. Accounting set up in this manner encourages narrowmindedness and shortsightedness.

Even if the dimension of resources is included in the account, it is done only partially. The basic measure of profit and loss accounting, return on equity, refers to the use of a resource, but only to financial capital, which is the most liquid component of that resource. In consequence, this strengthens the liquid- and transaction-oriented attitudes of managers.

If we only look at flows (transactions) when conducting economic activity, they seem to us balanced by nature, with the pluses on the one side and minuses on the other side of the balance sheet. However, these flows are only made possible by the use of certain resources. Economics cannot disregard that, and economists cannot confine their interest to the flows and the associated immediate costs and benefits. They must take into account, in their economic

calculation as well, the issue of resources: their consumption and recovery. Then, firstly, they become aware that economic flows must be perceived as open and not merely resulting in specific transactions, but also driving a much wider economic circuit. Secondly, if they wish to assess the effectiveness of specific flows, they cannot overlook the resources involved. It is only when they take this into account that they can assess whether these flows are beneficial or not and, consequently, whether they promote sustainability of the economic activity of which they are a manifestation. Thirdly, it will then become apparent that this wider economic circuit has a circular nature. Thus, flows can result in an excess or shortage. They do not lead to balance, but to imbalance. Imbalance is inevitably associated with flows. The question is whether the flow-induced states of imbalance are stable or unstable. Fourthly, the resulting conclusion will be that economic activity creates a spiral motion (circulation) which may either increase or decrease the availability of resources.

Both interactions and transactions occur between people but relate to items (objects). Their character is operational and instrumental by nature. It is only through being related to resources that they create more permanent and subjective bonds.

From the standpoint of a specific social actor, resources can be internal or external. The former remain at the actor's disposal and are not available to others without permission. The latter are either controlled by others and can only be used by the actor under certain conditions, or are generally available but obtaining them requires specific actions and predispositions.

It is important to recognize that the actors must use both internal and external resources. Each may strive to make more resources available to them, but this has its economic and physical limits. Therefore, the rational course of action is to use internal resources in such a way as to collect and multiply them to be able to use external resources effectively. If so, then the ways in which the external resources are generated, their supply and availability, the way they are formed, and their structure are all issues that are important from the standpoint of a given social actor. The actor must also keep in mind that others are seeking to take control of these external resources as well. This poses a dilemma whether the best strategy is to appropriate resource and exclude others from their use, or whether it is more advantageous to leave a certain pool of resources as generally available and manage them jointly.

There is no simple solution: it will always be complex and must be modified according to the changing situation. There is also the problem of how to establish the right solution and ensure that it is applied effectively. If this issue is neglected in favor of focusing on the day-to-day shaping of economic flows, sooner or later a crisis and economic collapse will follow.

Observing incremental changes alone (profit and loss accounting) may distort the picture of the economic situation if it is not supplemented by an account of the resources that were required to obtain the specific result. Only then can one assess the value of the obtained result and determine whether the current manner of business activity will be sustainable. It is often the case that a result is incrementally improved, but only through such use of resources that will make maintaining this result impossible in the future. This can be compared to the accumulation of hidden debt. It does not immediately become apparent, but it grows imperceptibly in successive economic cycles until it triggers a crisis and collapse over the course of a longer, circular process. Environmental and climate changes can serve as a practical example of such debt accumulation. Failing to take these changes into account gives rise to a false dilemma between GDP growth and environmental protection, which over time leads inevitably to dramatic consequences.

One issue is the quality of the measurement, but another is the appropriateness of its tools. It is not only about the measurement's accuracy, but pre-eminently about what the measurement reveals and what goals it is supposed to serve. What we measure should be based on what we desire to achieve as a society, and only then can we see whether we are doing the right thing. This shows that measurements and accounting must not be separated from their axionormative foundations. A result makes social sense when it is an account of resources and values.

The issue at hand is being tackled by a growing number of economists convinced that basing economic analysis on statistics concerning solely economic flows and the annual growth of certain parameters is flawed. Particularly important in this respect is the report prepared in 2009 at the initiative of the French president [Stiglitz, Sen, Fitoussi 2009]. Its authors emphasized [p. 9] that neither the private nor the public accounting systems were able to deliver an early warning that the seemingly spectacular growth of global economic activity in the years 2004–2007 (preceding the outbreak of the global financial crisis) was taking place at the expense of future growth opportunities. Their main message and recommendation was that macroeconomic measures should be supplemented with measures indicating changes in the quality of life and well-being of citizens – measures of social progress. They are, therefore, particularly interested in whether economic growth leads to positive social effects. They recommend the inclusion of wealth accounts into national accounting.

If one considers in more depth the basic thesis presented above, namely that profit and loss accounting has failed, then including resource accounts in these macroaccounts seems as important as the inclusion of social

development measures. The crux of the problem lies in the fact that national accounts are mainly concerned with the incremental changes of certain economic quantities, showing their incremental increases or decreases over a given period, usually a year. This means that the measured economic quantities are understood as undergoing linear and gradual changes. In truth, such accounting merely provides us with a view of the water's surface, but all that is hidden underneath escapes our perception. The surface may be serene, while a cyclone may be brewing underneath and above.

The guiding principle of analysis, not only of the economic stripe, is evidence-based policy. However, the problem lies in the kind of facts that we record in the current accounting system. And it is not just that the measures (results) are averaged, but also that they merely show us the tip of the iceberg. The current profit and loss accounting leads to an instrumentalization of values. It enables the assessment of short-term efficiency (profitability) of economic activity. The key question here is "how to measure?". If performance is the sole goal and measure of economic success, then other questions such as "what do we measure?" and "why do we measure?" fade in relevance.

The market is a social apparatus (institution) that is primarily intended to enable the exchange of goods. Production cannot develop without a market, but the market is also a space of flows. Their intensification stimulates the market and economic activity. Consequently, the market is a space of transactions and opportunism – that is the direction in which its participants are oriented. This does not mean that they have to remain locked in that orientation. The market does not encompass the entire economic space, as part of this space is occupied by investment and production activity. The latter cannot be separated from the market, but not all of it runs within its confines. Predominantly, it takes place in the space adjacent to the market, where interparticipant relations are shaped differently than on the market – they are subject to different, non-market rules and are not purely commercial in nature.

The problem begins when various types of organizations are given the form of internal markets – which applies to companies as well as, for example, universities or theatres – by being commercialized. Regulating production activities in this way strengthens the transactional and opportunistic orientation of the economic actors. At present, this is a particularly significant source of corporate opportunism – not only on the part of the management but also the employees.

Companies focused on short-term financial performance strengthen those structures and forms of their activity that contribute to maximizing performance. Since the latter reflects the transactions concluded at a given time and depends mainly on their efficiency, the aim of management is to improve

performance in the short term. Preference is therefore given to organizational and employee qualities such as flexibility and agility, i.e., qualities that mobilize opportunistic attitudes.

Productivity and efficiency

For the situation to be different, accounting would have to be primarily geared to capture the productivity of the various resources available to and used by the company. This can only make sense if we realize the fundamental difference between productivity and efficiency, which is not obvious. Economic efficiency in its fundamental meaning is a synthetic measure of the result (financial performance) in relation to the expenditure incurred (costs). We measure efficiency understood in this manner (cost-effectiveness) in relation to the organization and/or its undertakings (investments, transactions, implementation).

In contrast, productivity in its fundamental sense is a measure of the effect in relation to the resource used to produce it. It relates primarily to specific production processes. While efficiency is a synthetic measure, productivity is analytical. Of course, productivity can be measured in relation to a particular organization, but then it will be a generalizing measure, which is not the same as a synthetic one. Productivity can be expressed in financial metrics, but the starting point in their calculation will be material or similar relationships and measures that allow us to grasp how much of something we have used and how much we have produced. This can then be converted into financial metrics. Thus we can arrive at efficiency having started from productivity.

This fundamental distinction demonstrates the difference and convergence between resource accounting and profit and loss accounting. However, most importantly, it clearly shows that the basis of economic efficiency is productivity. If production processes are not productive, then efficiency cannot be ensured in the long run. Unproductive economic activity is unsustainable. And if it still ensures efficiency, then it is predatory – also in the sense that it involves intercepting undue benefits (rent seeking).

The issues of productivity and efficiency cannot be confined to a particular economic organization. They are transorganizational and pertain to the interorganizational space, at the boundary between the company and its environment. In the case of productivity, one of the reasons for this is that companies use resources they have not produced themselves, while, in the case of efficiency, the reasons include the fact that efficiency is a function of the companies' transactions.

Although we relate productivity and efficiency to specific economic organizations, considering them from a microeconomic perspective, these qualities do have a broader, macroeconomic dimension. While the links between

productivity and efficiency at the level of a company are multifaceted and thus confusing, they become clearer from the macro perspective. The basic relationship is as follows: productivity determines efficiency. An unproductive company can be efficient (at least for a time). However, the same cannot be said of an unproductive economy, as this would entail its low competitiveness.

The macrosocial framework of the economic game

The issue of the macrosocial framework of the economic (market) game appears in many economic theories and economic policy actions. In recent years, it has become an important reference point in the debate on regulating the financial market, which was triggered by the global financial crisis. The intended goal is to define macroprudential rules and establish an institutional order that will ensure compliance with these rules.

It is in this context that the issue of social purpose appears in Andrew Baker's article [2018]. It refers to a much earlier paper by John Ruggie [1982], who defined social purpose as "a systemic vision, which specifies the purpose, functions and contribution of the financial system, in wider economic and social terms, derived from a combinations of empirical and normative reasoning, that is communicated publicly and explicitly to build an intersubjective consensus concerning appropriate economic goals, principles, values and activities" [Baker 2018, p. 294].

Baker aptly stresses that the concept of social purpose includes three components:

1) a constitutive element of the economic system, 2) a communication element, understood as the justification of the economic policy concerning the formation of the constitutive element of the economic system, resulting from normative and utilitarian discourse, and 3) a reception element, related to the formation of a coalition that supports, justifies, and modifies the vision of the social purpose [Baker 2018, p. 296–297].

For the most part, I sympathize with this approach, yet I have some reservations. It seems to me that it is an attempt to approach a non-systemic issue in a systemic way. As a result, "social purpose" is understood as something granted or established, while I see it as inherently emergent: it emerges rather than being constructed or established. It emerges as a result of axionormative discourse that gradually and meanderingly leads to institutional change. Therefore, I do not think it justified to use terms such as "systemic vision", "consensus", "coalition", or "establishment" in this context. These terms imply systemic determinism, while this is rather a matter of contingency; social purpose appears rather than is established. And, at times, Baker does come close to my position,

particularly when he recognizes that “social purpose is an interactive process in which a form of system or macro thinking is derived from a systematic diagnosis of past economic performance and involves a concerted effort to convey a desirable systemic vision derived from that diagnosis” [Baker 2018, p. 297].

At this point, he stresses that systemic change is a consequence of a complex social process whose participants engage in discourse to identify the causes of their dissatisfaction and try to agree on some joint actions. This is what happens, for example, when macroprudential rules are being considered. New regulatory frameworks (such as Basel III) featuring instruments such as time-varying capital requirements or loan-to-value requirements are gradually being designed and implemented. Still, this can hardly be considered a systemic, institutional change. Rather, we are dealing with a method of small steps, trial and error, moving forward and backward. And all of it is along the lines of: “we know that something must be done, but we don’t know exactly what to do”. So we try different solutions in the hope that we will come across the right one. But in order to find the right solution, we first need to reflect not on what can be done, but on what it is supposed to accomplish. That is to say, the problem should be approached first in axionormative terms, and only then in instrumental ones. With such an approach, the social purpose is neither obvious nor given. It emerges in a specific space-time of discourse (modality).

The issue of shaping macroeconomic (macrosocial) rules of the market game is becoming fundamentally important in view of the globalization, financialization, and digitization of the economy. These three megatrends stimulate and reinforce each other. One of the new phenomena resulting from this has been the emergence of cryptocurrencies, enabled by blockchain technology. Andrzej Sławiński [2017] describes this phenomenon as creative destruction in the financial system. He also emphasizes that money is not only a means of transaction, but also allows public authorities to collect taxes in order to finance various types of public services and utilities. Cryptocurrencies unquestionably weaken the link between the economic circulation and the tax system, which in turn may lead to the elimination of successive macroeconomic frameworks of financial markets and, more broadly, economic activity in general.

One component of such macroeconomic (macrosocial) frameworks is that the value of money is guaranteed by the public authority that is its creator (issuer). In this respect, public authorities have a dual function. They are active participants of the financial system, but they also play a regulatory role to protect the value of currency. Of course, they do not fulfil this role perfectly, partly because the loss of currency value on a limited and controlled scale (inflation) benefits them and stimulates economic circulation.

That money “works” is not just a result of public guarantees. This also stems from socially established experience and the conviction that, when using money, we can expect to receive an equivalent value through broadly understood acts of exchange. In this respect, public authorities do not act as intervening market regulators. Here we are dealing with the state acting as a transcendent guardian of the social and economic order. The state “works” because it is, not because it takes practical action. It works when there is social order, including its various components – constitutional order, legal order, social normativity.

In relation to money, public authorities (the state) play both an exogenous and an endogenous role. One reinforces the other, but also each requires the other. Without them, money-based economy would not be sustainable; it would be displaced by other forms of economic activity, including barter.

The modern megatrends undermine the effectiveness of public authorities in fulfilling these two roles. The economy’s progressive financialization means, among other things, that new forms of money creation are emerging, and the state is losing its monopoly in this area. Cryptocurrencies are only an extreme manifestation of this tendency. However, as a result, the state’s regulatory capacity and, consequently, its transcendent power weaken as the economic order becomes autonomous and segmented. This leads to the dilution of the relations and dependencies defining the rules of the economic order.

One interesting manifestation of this is the diminishing relationship between savings and investments, which in turn means that the significance of productivity is waning. Presently, it is companies, not households, that accrue savings; the latter, conversely, incur more debt to consume more. Companies do not invest their savings in proinnovative, proproductive undertakings that are entrepreneurial in the Schumpeterian sense; they invest them on financial markets, thus intensifying the financial asset game. For them, financial capital is no longer a factor of production and/or a form of savings; it has become a means for playing the game as well as its purpose.

This leads to the collapse of the macroeconomic balance sheet. If capital is a liability, what occupies the other side of the balance sheet in the macroeconomic sense? It becomes void. The economic game continues, but it is barren. Money begets money, but this occurs in an increasingly empty circulation, in which productivity does not grow and, therefore, there is no development.

The economic imaginary, the role of economic discourse

The hegemony of the old imaginary means that the macroeconomic framework becomes blurred and ineffective and no longer fulfills its functions. And thus we are allowed to do more and more but are able to do less and less. As a result, the dominant market forces are not sufficiently counterbalanced. They keep driving unstable imbalances, which are becoming increasingly difficult to prevent and address. One manifestation of this is the emergence of economic organizations that are more powerful than states in terms of capital. This makes them not only too big to fail, but also too big to check and too big to manage. They are the ones dictating the rules of the game and determining the economic discourse. They facilitate the growth of the economy and turnover, while neglecting the social impact of economic activity, making a travesty of the slogan “high growth, low impact” by promoting high growth that results in few social benefits, which illustrates well the fundamental problem of modern economy.

Old theories and economic ideas no longer fit into the new reality. They cannot be applied to shape appropriate macroeconomic frameworks. A new economic imaginary is required so that public policy can influence the economy to prevent the occurrence of unstable imbalances.

Such an imaginary can only emerge as a result of discourse taking place in a specific social space-time; the purpose of this discourse is to shape the imaginary in such a way that various social actors are and will be able to achieve subjectivity. At present, this space-time is being torn asunder by the dominant economic imaginary. The discourse that will allow it to develop must strive to reinterpret the basic categories of economic sciences and related social sciences, such as value, money, ownership, productivity, efficiency, and development. And this is not just about creating new definitions for these concepts, but also about approaching their content in a new way. Only this can enable us to gradually formulate new rules, i.e., a new macroeconomic framework for economic activity.

The need for adopting an evolutionary approach to the interpretation of basic economic concepts has been noted by, among others, Moulaert et al. – the editors of an important report on social innovation: “The meaning of concepts changes through history and is institutionally conditioned” [Moulaert et al. 2017, p. 14]. Understanding past meanings and their impact on contemporary ones as well as on the resulting ideas and practices requires us to consider them in the context of the philosophical and social movements of their time.

The said discourse must be open if it is to contribute to the modification of the macrosocial framework of economic activity. While this does not mean that its participants must include all the actors, no actor should be excluded from participation. I believe that several essential phases of such an axionormative discourse can be distinguished: 1) recognizing the contradictions of the economic system; 2) formulating dilemmas; 3) creating new cognitive perspectives; 4) open debate on their adequacy; 5) putting forward a new macrosocial framework of economic activity; 6) agreeing on the actions required.

These phases are in no way equivalent to the steps of a procedure that is planned in advance. They are intuitively (rather than analytically) adopted stages of a complex and scantily structured social process. A process that does not necessarily have to progress, a process that can be stopped. There is no determinism here, and contingency is king. Things may or may not happen in this way.

Importantly, this discursive process does not only pertain to the macroeconomy, but also involves its individual segments and dimensions; it concerns the enterprise and the nature of entrepreneurship. No change in the economic system can take place without changes at this level of the economy. History has seen examples of all-encompassing transformations that were initiated by changes at the micro level, as exemplified by the introduction of the conveyor-belt assembly line.

In social systems, including economic systems, segmental changes are interlinked and interwoven, meandering towards general change. Mental (cultural) and material (civilizational) changes are also interlinked, perhaps even to a larger degree. Frederic Laloux [2014, p. 14] aptly points out that the types of organizations invented over the centuries have always been associated with the prevailing worldview and consciousness.

Today's model of economic activity is failing: efficiency has overshadowed productivity to such a degree that the former diminishes and eradicates the latter; therefore, the desired changes will not happen if we do not adopt a different view of the enterprise and entrepreneurship. This is the intellectual basis for the concept of the FirmIdea. From this perspective – alluding to Frederic Laloux's remarks mentioned above – the way we approach economy becomes our way of life, whether it happens consciously or not.

Economic activity and quality of life

In neoclassical economics (economics of profit) there is a fundamental distinction and contrast between common (public) and private property and between public and private goods. In economics of value, such an approach is

no longer warranted. Instead of maintaining this opposition, it is more prudent to seek complementarity. The greater the importance of a given good for the development of individuals and communities, the more its individual, private use must be accompanied by its communal supply. Without such a supply, a significant proportion of individuals will sooner or later be excluded from the use of this good, which will impede both individual growth and the growth of the community.

In this context, public investment is no longer an alternative to private investment, but rather its necessary condition and complement. It is needed (as in the case of culture, science, education, health services, or municipal infrastructure) to maintain the overall availability of the resources required for the activities and development of individuals and organizations formed by these individuals. It can be assumed that, in every society, there is a certain level of public investment that is indispensable for maintaining and improving the quality of life of its citizens. If this level is not achieved, the potential for development will largely go to waste.

From this perspective, quality of life appears not only as a target category, but also as an intermediary category that drives the wheel of development. In this respect, the issue of cost-effectiveness (we can afford it – we cannot afford it) must be considered in relation to developmental circularity in its broadest sense. That is to say, if “we cannot afford” certain things then we will be able to afford even less in the future. “Worth” and “cost-effectiveness” are not the same thing. Things that are worthwhile and things that are cost-effective may complement each other, but they may also negate and exclude each other. Which does not invalidate the principle that every public investment should be carried out economically and should effectively contribute to the creation of an appropriate supply of resources and goods.

Notwithstanding, we should always keep in mind that public investment is also necessary because it must effectively contribute to reducing the consumption of certain resources (especially non-renewable ones). In this case, their impact on the demand side is as important as their impact on the supply side. Energy consumption is a good example: reducing it is a reasonable and productive alternative to increasing energy capacity and producing more electricity.

The ability of individuals and social groups to access resources that are important for their development is of fundamental importance not only for progress, but also for democratic order. In his outstandingly important works, Amartya Sen stressed repeatedly that famine does not happen in democratic countries but continues to plague authoritarian regimes. The same can be said of other resources that are crucial for life and growth (e.g., water; it is

reasonable to say that rivers can either erode or strengthen political systems) because one of the areas of political rivalry is access to resources. Access to the most important resources should be considered a right – a right to development. The right to the city, interpreted as the residents' right to access resources and use their creative potential for the city's development, should be placed in this context. Not respecting the rights of the inhabitants limits their capacity to satisfy their needs (more on the right to the city in Chapter X, which is devoted to the concept of the City-Idea).

Every developmental resource that is made common also serves as a reserve in case of a crisis or disaster and forms the foundation from which the process of revitalization can be launched. It is important that they are made common rather than being separated and appropriated. Who has them at their disposal is less significant than whether they can be incorporated into a common productive process. They do not necessarily have to be communalized – what is important is that they are made common.

Quality of life is an indispensable reference category when thinking about developmental circularity. A category that is meant to encompass the community, not just individuals. Referring to this category, Amartya Sen [2009] emphasized that it can be shaped in a specific social space where not only access to basic goods is ensured, but where certain individual skills are being developed. According to Martha Nussbaum [2000], such skills include thinking, argumentation, and imagination, among others.

In this perspective, the key question is whether such a desired social space is given and external in relation to individuals or whether it is socially produced, which would make it internal in relation to individuals. I strongly favor the latter answer. If we accept that the skills in question are socially conditioned and produced, then we can also consider them as both belonging to individuals (they are the ones making use of these skills) and at the same time constituting a common resource (a *commons*) – a good that individuals can and do use provided that it is constantly being generated. Its nature is, therefore, partly synchronic and partly diachronic.

Anthropological foundations of neoclassical economics

The adoption of a one-sided and narrow-minded perspective in neoclassical economics results from it being based on the one-dimensional model of *rational man*. The essence of this problem is well reflected in the dispute between two Nobel Prize laureates in economic sciences, Oliver E. Williamson and Herbert Simon, that took place around the year 2000 [see Sarasvathy 2010].

Simon criticized Williamson's theory of transaction cost economics (TCE), founded on the assumption of individual opportunism. Simon argued that this assumption is indefensible from an empirical, historical, and especially biological-evolutionary perspective and that the theory based on this assumption is false. While not claiming that individuals do not exhibit opportunism, he insisted that it is certainly not the dominant pattern of their behavior. He argued that a more comprehensive model of human behavior should also include the components of docility and intelligent altruism, which corresponds to his fundamental concept of bounded rationality.

The concept of docility is key in Simon's reasoning, and he defines it as "a tendency to depend on suggestions, recommendations, persuasion and information obtained through social channels as a major basis for choice" [Simon 1993, p. 156]. He thus underscores that, in social life, individuals depend on each other, and that, when making decisions, they rely on the opinions of others, especially those with whom they cooperate. In one way or another, individuals are socially situated, embedded, and their behavior changes over time. Social evolution favors not only individuals that are opportunistic, but also ones that are intelligently altruistic – relying on others and helping them remain within the group (community). Information obtained from other individuals is much more useful than that obtained individually [Simon 1993, p. 157]. The more open we are to cooperating with others, the more we can benefit from the collective knowledge and skills dispersed in society [Simon 1997, p. 41]. Willingness to cooperate facilitates the creation of innovative solutions to social problems.

TCE does discuss social interaction between individuals, but these interactions are based on egoism and opportunism and lead to transactions. The dominant form of social interaction in this model consists in transactional negotiations concerning the division of risks, costs, and benefits. Adopting this model as the foundation of economics makes mainstream economists limit the scope of their interest to the stimuli influencing the behavior of market participants. Consequently, they only focus on what leads to operational efficiency. As Simon put it: "Economic theory has treated economic gain as the primary human motive" [Simon 1993, p. 160]. The axionormative dimension of human activity remains neglected by neoclassical economists. In fact, they find it unscientific and burdensome. Steve Keen commented on this one-sidedness in no uncertain terms: "Respectability be damned. Like the populace watching the parade of the emperor, respectability has led us to kowtow to a monarch in fine cloth, when an unindoctrinated child can see that the emperor has no clothes. It's time to expose the nakedness of neoclassical economics" [Keen 2011, p. 35].

It is worth underscoring again that Simon challenges neoclassical economic theory as empirically unconfirmed because it adopts non-factual and unclear assumptions. This is why he questions its analytical models, including the concept of the company, treated as a particular achievement of TCE. One of his key objections is that neoclassical economists assume that people maximize utility, but fail to specify what utility is [Simon 1993, p. 158].

One of the conceptual foundations for the *homo economicus* is Herbert Blumer's symbolic interactionism [2007]. His main theses can be summarized as follows:

1. Interaction is a communicative act. Meanings are derived from interaction.
2. Interaction provides meaning to the item (object),
3. The course of a symbolic interaction is a manifestation of liquidity, a continuous act of creating new meanings,
4. There are no factors determining the construction of the objects that are acted on,
5. To create a common definition of a situation is to act on objects that are agreed upon, i.e., objects whose meaning given by one participant is understandable to another,
6. An interaction can be compared to a transaction,
7. Social sciences cannot be based on concepts such as "norms", "rules", or "values" with the assumption that the actual behaviors of individuals are the incarnations of these concepts in action, the realization of ready-made social prescriptions,
8. People guide their own behavior, taking into account directions provided by themselves and by other people [Woroniecka 2007, pp. XXII–XXVII].

What I find particularly significant here is the comparison of interactions to transactions, which likens social life to the market. This has its consequences for the social sciences. Interactions and transactions are types of flow. And they are generally treated as flows that are closed and balance out, even though most of them are open flows, as they do not result in equilibrium, instead producing excesses or shortages. Water flows provide a good analogy: they can be kept in closed circuits to some extent, but generally remain open.

One can maintain, of course, that the construct of *homo economicus* is the foundation of one's cognitive perspective, but this does not relieve one from the obligation to verify this perspective empirically; above all, one should not insist that it enables a comprehensive description and explanation of economic phenomena and activity. I compared Blumer's approach to that of free-market economists. I do not claim that they are wrong in describing social reality

the way they do. However, I do believe that they do it in a one-sided manner and, if their position precludes the perception of the social world's axionormative dimension, then it is erroneous and harmful, as it can lead to dramatic social consequences.

Value and valuation in economics

Adam Smith is a monumental figure for neoclassical economists. He is the one credited with consolidating the free-market approach to the economy, as well as with rooting economics in individual self-interest and the category of utility. The problem is that this interpretation is very much a stretch.

Smith [2009] links the issue of value to utility, but stresses that usefulness is secondary to rightness, as evidenced by his following remark: "Originally, however, we approve of another man's judgment, not as something useful, but as right, as accurate, as agreeable to truth and reality. (...) The idea of the utility of all qualities of this kind is plainly an after thought, and not what first recommends them to our approbation" [Smith 2009, pp. 26–27]. Utility brings new, additional value, but is not its quintessence. The latter is derived from another order, the order of rightness. As can be seen, Smith's value also belongs to two "worlds".

This view differs from Kantianism on the one hand and utilitarianism on the other. Kant [1993] repudiates all usefulness of values. He begins his discussion of values with freedom. For him this is the freedom of someone, not freedom to do something. Konstanty Puzyna is right on point when he writes that the Kantian sage "stands eye to eye with his own intellect and his absolute freedom that allows everything and can do nothing" [Puzyna 2015, p. 56].

Social phenomena are multidimensional. They cannot be attributed to a single domain or science. And if so, then events or phenomena that are considered economic are not in fact purely economic and cannot be so. Georg Simmel [1990, p. 55] underscores this emphatically, stating that there is no fact whose content would be exhausted in the image that economy presents of it.

Economic value, as understood by Simmel, results from movement. However, Simmel ignores the dual nature of movement. On the one hand, it is an objectified circulation of goods, of what is substantial. On the other hand, it is a social interaction, i.e., something procedural. Economic value is produced, but this process has both an objective and a subjective dimension. It is impossible to dissect economic value from social content. This does not mean that economic activity features no strong regularities, no hard points, proportions, or relationships that could be studied and identified with tools typically employed in the exact sciences.

One can of course argue, as Simmel does, that: “Only to the extent that money, true to its essence, is isolated from such influences does it have a stable value; from which it follows that price fluctuations do not signify a change in the relations of money to objects, but only changing relations among objects themselves” [Simmel 1990, p. 125]. And further on: “For money can express the value relation between things realized in exchange only by equating the relation between a specific sum and some general denominator, with the relation between a corresponding commodity and the totality of commodities available for exchange” [p. 147]. However this is abstract, scholastic reasoning, according to which money is the ideal measure of everything. It does allow Simmel to attempt to grasp the “essence” of money, but this hardly means that its “effects” are always in agreement with its “essence”, or even approach it in an asymptotic manner. Throughout the history of economic activity, money has been repeatedly “debased”, and its form changed. What is “objective” and what is “subjective” in money constantly permeates each other, and the form of this permeation is subject to transformation. Simmel, inquiring into the “essence” of money, comes to the conclusion that it represents “the most certain image and the clearest embodiment of the formula of all being, according to which things receive their meaning through each other” [Simmel 1990, pp. 128–129].

I believe that only instrumental value can be gained by goods (objects) in this fashion. In turn, meaning, or existential value, is given to them by cooperating people. Economic value cannot be reduced to profit, just as good cannot be reduced to goods and utility. Reading through Simmel’s immense study on the philosophy of money, I find indications that he appreciates this as well. One example comes from his following remark: “In short, money is the expression and the agent of the relationship that makes the satisfaction of one person always mutually dependent upon another person” [Simmel 1990, p. 156]. Elaborating on this remark, Simmel comes to the conclusion that things become valuable when they become objects of exchange, but economic value understood in this way is derived from “directly experienced values” [p. 157]. Money does not work perfectly, but if it had no “ideal essence”, it would have no effect at all. More precisely, to be able to understand and socially accept the “effects” of money, we need to capture its abstraction, its ideal substance: “There has to be confidence that the money that is accepted can be spent again at the same value. What is indispensable and conclusive is *non aes sed fides* – the confidence in the ability of an economic community to ensure that the value given in exchange for an interim value, a coin, will be replaced without loss” [p. 178].

Another of Simmel’s theses expands on this in an inspiring way: “In the modern conception of money based upon metal the vital point is the working of the substance”, while “in a credit economy there is a tendency to eliminate

substance entirely, and to regard the effects as the only important matter” [p. 169]. Different forms of money are possible because we assume that it exists as some “ideal substance”. The only question is: does this substance not fade as the forms of money and the capital market continue to change? Simmel himself indicates that this may be so, emphasizing that, in certain situations, the functional purposefulness of money exceeds the value of its substance. He even goes so far as to say that: “[its] lack of material value makes it suitable to render certain functional services by which its value may be increased almost indefinitely” [p. 189].

The existence of money as an “ideal substance” in practice means that the individual claim associated with money is a claim that pertains to everyone. Does this hold true today? Is it not the case that the link between the individual claim and the collective obligation has been irreversibly broken? Is this not the core of the problem that has afflicted the modern market economy and the capital market in particular? Simmel’s comment on this is that, if the functional essence of money eradicated its substantial essence, then its functional and symbolic nature would lose its basis and significance [Simmel 1990, p. 167]. Money becomes a substrate that can focus interest and economic movement around it, but its “effects” are in opposition to the “norm” that it symbolizes. The author cites the example of immense stock market profits resulting from exchange rate fluctuations and speculation, which may divert the economy (production and consumption) from the course of development that corresponds with its specific inner conditions and with real needs [p. 165].

On the one hand, money for Simmel is an “ideal measure of value”, but, on the other, this “ideal measure” is subject to social relationality. It has “substantial value”, but it also has “functional value”. Simmel tries to somehow reconcile the “ideal” and “relational” aspects of money. What I appreciate in these efforts is that they are meant to highlight the fact that money “works” when remaining in constant motion. In order to be able to “measure”, it must stimulate economic energy, it must remain in circulation. Money in circulation, as a means of exchange, socializes individuals and creates certain social bonds. It transforms collections of individuals into societies [Simmel 1990, p. 175]. But is this also the case when the “substantial value” of money expires?

I believe the following thesis by Simmel to be prophetic: “For money belongs to that category of phenomena in which normal activity has determinate limits and extent, while any deviation or malfunctioning causes vast and almost inconceivable damage. Typical examples are the powers of fire and water” [Simmel 1990, pp. 194–195]. The analysis of economic phenomena cannot, therefore, be limited only to their operational form and functionality, to their purely instrumental dimension. This would make economic reasoning

mechanical and dogmatic. To avoid this trap, one needs to also take into account the social content and consequences of these phenomena. For example, inflation is a quantitative phenomenon, but it is also a phenomenon with profound social consequences. As it was in the past, debasement of money leads to significant redistributive effects: those who issue money or can protect themselves against a fall in its value achieve gains, while the rest incur losses, sometimes of catastrophic proportions. Economists who fail to take this under consideration are at best blind and at worst – selfinterestedly biased.

Market instrumentalization of values

Existential values generate social good and this is where they are actualized. Good cannot be appropriated. It exists in the social space because it is communal by nature. It takes various forms, one of which is trust – understood as generalized trust in others, trust that people are generally good and deserve our openness, trust that encounters and relationships with others can offer us various opportunities for action and development. Good cannot be stored and stockpiled. It has no physical medium – it is mediated by human relationships.

Instrumental values are a source of goods and through them they become real. The nature of these goods does not have to be purely material, but they do require a material medium. Thus they can be collected, stored, and appropriated. Organizing human activities serves the purpose of producing various goods effectively. This is the purpose of organizational structures and their functions.

The fact that good is existential and goods are instrumental in nature does not mean that goods do not generate existential values. Existential values generate good, which is their expression, while instrumental values are used to produce goods, which serve as their medium.

Failing to make this distinction – which is fundamental to my reasoning – results in, among other things, all values being considered as objects to which people assign meaning and significance in a particular context, time, and space. In no way does this apply to existential values. They cannot be objectified. They are subjective and relational.

Erich Fromm [1961, p. 67] presented a convincing discussion on this topic; he believed that the instrumentalization of value is associated with the “marketing orientation”, manifested by those who experience themselves as commodities and their value as exchange value. It involves a transactional approach to one’s personality, a focus on “putting it across” in competition with others, which shapes the attitude towards oneself [p. 70]. As a result, people cease to be creative (or “productive” to use Fromm’s word for it). He writes:

“It is the paradox of human existence that man must simultaneously seek for closeness and for independence; for oneness with others and at the same time for the preservation of his uniqueness and particularity. (...) [T]he answer to this paradox – and to the moral problem of man – is *productiveness*” [Fromm 1961, pp. 96–97]. And it is precisely being productive, understood as taking responsibility for others, that generates the humanistic and objective reference for values. This enables one to be independent and resist irrational authority.

If instrumental values are to be prevented from eradicating existential ones, then axionormative (institutional) restrictions must be imposed on structures and functions. Organizations can then become institutions; they have their normative order, a hologram of sorts – it exists because we “perceive” it socially and imitate it with our actions. Jan Sowa [2015] presents the concept of the common good describing it as “biopolitical”. His reasoning is rooted in an anti-individualistic anthropological approach that does not consider human beings as unitary in nature, but rather as beings that are social to their deepest core and are therefore shaped by being immersed in interactions with others [Sowa 2015, p. 197]. Citing Aristotle, Sowa emphasizes that, both logically and historically, an individual cannot be considered as prior to society. To ground his concept, he also adopts Marx’s perspective, namely the view that human beings establish their own world in collaboration with other representatives of their species. By establishing their own world, people also establish themselves – as social beings [p. 201].

Sowa’s approach clearly opposes the liberal doctrine, which, in his opinion, is fraught with contradictions. To give one example, it advocates affirm individuality and individual freedom as pillars of thought, while neglecting circumstances that smother individuality and condemn individuals to fates determined by class status [Sowa 2015, p. 203].

According to Sowa, the concept of common good can be exemplified by language. He points out that: “The operation of creating reference between a sign and an object, essential for the use of language, is a social relationship that is shaped in acts of communication, i.e., through symbolic cooperation within the community of speakers” [Sowa 2015, p. 208]. Therefore, there is, and can be, no “private language”. Language, like other common goods, works through openness and intense circulation because this is how such a good is multiplied.

The opposition between the individual and the community proposed by Sowa is, in my view, excessive and unjustified – recognizing individuals as social beings does not have to and should not lead to anti-liberal – unilaterally collectivist – attitudes. This would result in contraposing common goods against private ones, while the truth is that common goods are and can be used

privately. If this were not the case, there would be no incentive and no mechanism for producing common goods. Language is indeed a common good, but we use it individually, privatizing it in a sense. This is what keeps it alive and malleable and prevents it from becoming ossified and obsolete. Languages that are too rigid eventually become marginalized and extinct.

I would also add that Sowa [2012] clearly sympathizes with the views of Michael Hardt and Antonio Negri [2009], who describe capitalism as a “republic of property” and postulate its replacement with a system in which most goods would be common goods. Though they do not formulate any extreme demands to abolish private property, they certainly envision its significant restriction.

Without denying the importance of the issue of ownership structure in the modern economy, I believe the solution to lie not in the legal form of ownership as such, but in endowing each form of ownership with socially defined content – ownership is not only a right, but also an obligation. In practice, this means providing each form of property with a social dimension.

Sowa’s concept does not suit me primarily because it does not allow for the distinction between existential and instrumental values, precluding the comprehension of the relationships between them, which are the driving force of development.

On the other hand, I do appreciate that he highlights the importance of common goods and notes that their multiplication requires an appropriate open social space. However, the way I would describe it is that, if part of the produced goods supply is not communalized, then linear production begins to dominate over circular development, leading to stagnation.

Michael Sandel [2012] presents numerous explicit examples of negative consequences ensuing from instrumentalizing values and reducing norms and goods to their economic dimension. When Israeli day-care centers introduced a fine for parents who were late in picking up their children, the phenomenon became clearly more frequent. Parents treated the fine as an additional fee for a service that they were willing to pay for. The norm changed its character from moral to utilitarian, and the price removed the sense of obligation. Importantly, when the fine was abolished, the parents continued to arrive late at a significantly increased rate, which Sandel concludes as follows: “Once the monetary payment had eroded the moral obligation to show up on time, the old sense of responsibility proved difficult to revive” [Sandel 2012, p. 119].

Subordinating nonmarket spheres of life to economic principles, as Sandel [2012] rightly points out, does not make ethical problems or the issue of values disappear. They remain present but become secondary to market logic.

Utilitarian ethics becomes the lens for interpreting social benefit. Values are thus instrumentalized and incorporated into the utilitarian approach, which focuses on maximizing profits and minimizing losses for the individual – its overriding aim is to satisfy material needs regardless of nonmaterial values.

Conclusion. The need for a new economic theory of value

For decades, value theory has been dominated by neoclassical economists, which has led to its ossification. One of the paths out of this intellectual trap is to consider the relationship between culture and economy. For most economists, value equals economic value, and the latter is reflected by price. What has a price has value. Price theory has become a sufficient and operative theory of value – even though price is only an indicator of economic value, not of value as such [Throsby 2001, p. 22]. Economists – starting from Adam Smith – have focused on the exchange value of commodities, understood as the amount of other goods and services that someone is willing to commit to purchase a unit of a given commodity. Successive generations of economists have tried to create a theoretical foundation for this approach in order to “objectivize” value, “absolutize” it, and make it constant in time and space. Smith himself adopted production costs as an objectivizing category, while David Ricardo and Karl Marx employed labor to the same end.

Since the “marginalist revolution” (Jevons, Menger, Walras), economists seeking to “objectivize” value no longer looked to the manufacturing process and the manufacturer’s outlays, but to the process of consumption and consumer needs. Individual utility became the foundation of value. The utility theory of value is based on the premise that individuals (consumers) have permanent hierarchies of preference and are able to evaluate specific sets of goods and make choices between them. This is the origin of the “rational man” construct, which has been systematically perpetuated by the advocates of methodological individualism as the most general foundation of social sciences. For economists who think along these lines, the nature of individual desires and preferences is irrelevant. What is important is that, to satisfy these desires, one must engage in market exchange. An extreme expression of this theory can be found in Gary S. Becker’s Nobel Prize winning economic approach to human behavior [1990].

However, man is not solely guided by material motives – if this were the case, a democratic society of equals would not be possible, because all human relations, according to Becker’s theory, would be market relations. Civil society would not be able to emerge, because an unrestricted market precludes the formation of nonmarket norms. The ongoing commercialization of subsequent

areas of life indicates that the market leaves a material/instrumental mark on them, modifying their original content. Paid love ceases to be love – it becomes a transaction of usage.

The concept of “rational man” remains the foundation of neoclassical economic theory, despite its repeated and determined criticism. This is what David Throsby writes about it: “The criticism of the marginal utility theory of value is directed at the foundation stone upon which the theory is constructed, namely the proposition that consumers can formulate orderly preferences based solely on their individual needs, uninfluenced by the institutional environment and the social interactions and processes that govern and regulate exchange” [Throsby 2001, p. 22]. Many economists appreciate the validity of this criticism, yet they do not put forward any other theory of value. As a consequence, mainstream economics has been at an impasse for years.

Luc Boltanski and Eve Chiapello commented on neoclassical economy’s rootedness in utilitarian ethics: “This [concept] made it possible to impart substance to the belief that the economy is an autonomous sphere, independent of ideology and morality, which obeys positive laws, ignoring the fact that such a conviction was itself the product of an ideological endeavor, and that it could have been formed only by incorporating – and then partially masking by scientific discourse – justifications whereby the positive laws of economics are in the service of the common good. In particular, the view that the pursuit of individual interests serves the general interest has been the object of an enormous, incessant labour, which has been taken up and extended throughout the history of classical economics. This separation between morality and economics, and the incorporation into economics in the same gesture of a consequentialist ethics, based upon the calculation of utilities, made it possible to supple a moral sanction for economic activities solely by dint of the fact that they are profitable. If we may be allowed a rapid summary, for the purposes of explaining the development of the history of economic theory which interests us here more clearly, it can be said that the incorporation of utilitarianism into economics made it possible to regard it as selfevident that ‘whatever served the individual served society’” [Boltanski, Chiapello 2005, pp. 12–13]. Similar sentiment was expressed by Yuval Harari [2018], who aptly emphasized that utilitarianists pretend that the choice is between advantage and disadvantage, even though in truth it is a choice between good and evil.

Mainstream economists strive to demonstrate that price (money) can be used to measure of (economic) value even in the absence of market transactions relating to goods or services. They assert that this purpose is served by various methods of contingent valuation. This is the way in which the economic value of natural resources, such as tropical forests, or even the value of

human life is being estimated. This line of thought is misguided and dangerous because it can lead to extreme instrumentalization, including commercialization of existential values. It can hardly be denied that forests should not be plundered for lumber, even if it is profitable.

I believe that the new economic theory of value should be embedded in two conceptual sequences that capture the dual nature of the manufacturing process:

1. Values – norms – good – axionormative (institutional) order,
2. Values – capitals – assets – goods – operational (organizational) order.

Importantly, the word “sequence” in relation to the value production process should not be interpreted as a closed production cycle. I have used the word “sequence” in the phrase “conceptual sequence” to clearly indicate that I mean a sequence of reasoning, an interpretative scheme, a specific cognitive perspective. The production process itself does not have such a simple, schematic, linear nature. In order to grasp it intellectually, we can divide it into stages such as creating capital, transforming capital into assets, using assets to produce goods, commercializing goods and acquiring financial resources, which are then used to multiply resources, which in turn generate various forms of capitals. But in fact all these things happen in parallel.

Obviously, in a social process of such complexity, we can distinguish certain specific technological/operational cycles (e.g., production cycle, billing cycles) and even organize certain aspects of the value production process in a circular, repetitive manner. However, the process of value production as a whole is not characterized by such circularity – it is a developmental process with no oscillation and no possibility of returning to the initial state. Development is not circular. The proper shape to depict it is a spiral, not a line or a circle.

The hegemony of freemarket dogmatism has led to the conviction that the marketbased distribution of goods is the optimal solution, and gradually, as commercialization progressed, this distribution mechanism has eroded all others. Only now are we starting to notice the adverse effects of this reasoning: a significant part of society has lost access to many basic goods, and the social value of these goods has fallen. Not only is the market imperfect as a distribution mechanism, but, as Michael Sandel [2012] points out, it is neither innocent nor impartial – it favors some, while excluding others.

What we particularly need in this day and age is to be able to create distribution mechanisms that would constitute an alternative to the market ones, so that we can assess, on the basis of experience, which manufacturing and distribution practices (and in what proportions and contexts) should be included in modern systems of delivering goods, e.g. with regard to health care.

It is not entirely clear where the boundaries of commercialization and marketization should be drawn. I do not believe us able to set the boundaries for marketization (they cannot be rigid) unless we understand and define the social process of value production. Sandel believes that there are goods that cannot be bought (such as friends or the Nobel Prize) as well as goods that can but should not be bought for noneconomic reasons (such as a child or a kidney). Therefore, he considers the limit of marketization to depend on the functionality of goods. The boundaries are to be established by individuals themselves, though ones acting within a social context. It could be said that Sandel's solution can be encapsulated by the following scheme: goods – needs – individuals – social norms – society.

Sandel focuses his attention on the moral limits of the market. And his argument is compelling. But are these limits sufficient for keeping the market in check? I think not. Sandel's remarks are important and necessary but insufficient. Apart from moral constraints, other kinds of limits are required. And to define them, we need to distinguish between existential and instrumental values.

Instrumentalization of values is necessary but must be subject to limitations. This applies in particular to market-based instrumentalization, i.e., commercialization. The boundaries of commercialization became blurred during the neoliberal revolution. Sandel uses specific examples to show that commodification has entered the sphere of life and death. And this poses a threat to existential values – a threat so dire that it must be stopped for democracy and the market economy to coexist.

In conclusion of his argument Sandel writes: “Our only hope of keeping markets in their place is to deliberate openly and publicly about the meaning of the goods and social practices we prize”. And he adds: “Beyond the damage it does to particular goods, commercialism erodes commonality” [Sandel 2012, p. 202].

But what is the practical goal of this open deliberation? What would its desirable results look like? For me, the starting point would be the acknowledgment that many dogmas of mainstream economics require revision – which is taking place, but slowly. The economists making up and maintaining the mainstream are mainly concerned with putting a price on values, while ignoring the issue of their production, and focus above all else on things that are subject to commercialization understood as a specific process of valuation and market exchange of goods. This is also one of the formulas for the use of the goods produced – use through monetization. What is certain, however, is that neither commercialization nor monetization exhausts the field of economic activity.

It is impossible to formulate a correct economic theory of value without acknowledging that values have a social nature and that it is existential values – not instrumental ones – that give meaning to our being and becoming.

Co-production of values is not possible without commoning knowledge, because commoned knowledge is both generated and used jointly. Productivity on a macrosocial scale results from, among other things, being collectively aware of the existence of developmental circularity and developing mechanisms and tools to support it. Lacking this awareness precludes us from recognizing and preventing the negative consequences of economic circulation; no appropriate forces are activated to neutralize them. Development results when different social forces (subjects) influence, interact with, and balance each other.

The axionormative order is not produced by individuals. It emerges from an “ethical discourse” that involves various autonomous actors offering different points of view and cognitive perspectives. This discourse may result in the adoption of certain normative regulations, including legal ones. But this does not end the issue. The discourse must be continuously maintained, if only because humanity continues to create and employ increasingly advanced technologies. Our civilization is changing and so must our culture – otherwise humanity will self-destruct.

Disappearance of axiological reflection and ethical discourse gives rise to tyranny that imposes its axiological perspective. Under its “rule”, social life becomes slowly but surely deprived of existential values, which are displaced by instrumental ones. Both our economic sciences and economic activity require a new approach, which is why we need economics of value and a new economic theory of value – one that is not based on utilitarianism.

CHAPTER III

NORMS, INSTITUTIONS, SOCIAL ORDER

Introduction. The nature of norms

In the ongoing debate on the genesis of norms, the crucial question is whether norms/rules emerge spontaneously from social interaction or whether they are socially instituted – constructed or bestowed. The answer that institutions develop as norm systems solely through a spontaneous and unplanned process seems to me too narrow and onesided. In my view, norms/rules are also consciously established, and this is their most common origin. I find it particularly difficult to accept the claim that norms emerge randomly, i.e., arbitrarily. I believe norms/rules to be a clear example of creations that are contingent, i.e., not determined, not arising on a cause-and-effect basis, but also not arbitrary – in a given system (situation), they are possible though not necessary; resultant but not accidental. Therefore, they are partly spontaneous and partly established (constructed). All the more so because, even though they are relatively permanent, they are not eternal – they are subject to modification and cannot be preserved indefinitely (eternalized).

This is because norms are not only derived from the social interplay of interests, but also reflect the values created in the community, which shape the rightness order of a given social structure, while interests (benefits) shape its functional order. Even if the formation of norms is implicated by spontaneous interaction, norms arise based on what the community considers to be right, and not just immediately advantageous. Norms emerge not only from interests, but also from previously accepted norms and recognized values, thus contributing to the formation of the axionormative order. A social structure without this order would not be able to function or develop, it would be doomed to decay over time.

Discussing the origins of institutions as clusters of norms, Stanisław Mazur [2014, p. 35] described two concepts that have dominated the social sciences – that of rational calculation and that of appropriateness. Supporters of the former (e.g., researchers identifying themselves with the rational choice theory) believe that institutions are collections of rules, patterns, and procedures designed by rationally (instrumentally speaking) calculating social actors, equipped with permanent sets of preferences. Institutions are intended to maximize the marginal utility obtained by these actors. By shaping social interactions, defining their sequences and consequences, institutions provide social actors with information and mechanisms to reduce uncertainty – thus reducing the transaction costs of these interactions. Institutions are teleological constructs meant to address problems of coordination in the sphere of collective action. They result from rational and strategic calculations made by social actors, from the weighing of their preferences and interests. In this approach, institutions are reductionistically explained from the perspective of methodological individualism, and the key to their understanding are the rational choices made by social actors. This tradition is a variant of the utilitarian interpretation of human actions as a parameterized strategy of instrumentally selecting the means to achieve specific goals.

In turn, here is how Mazur summarizes the position of those who support the latter of the two concepts: institutions are formal and informal rules and procedures, operational practices, but also systems of symbols, cognitive scripts, and moral patterns that provide social actors with a cognitive and interpretative framework. Institutions are perceived as rules and structures legitimized by social norms and values. They constitute sets of related principles and routines that define appropriate actions in terms of the relationship between the role and the situation. Essentially, they provide structure to the context in which the actions of individuals are interpreted and given meaning.

Although my own position lies between these approaches, it is much closer to the latter of the two. I believe that norms, and thus institutions, are not exclusively created in a spontaneous manner, but are to a considerable degree established. Notwithstanding, I do not believe that their establishment is based fundamentally on rational calculation or that individual calculations play an especially significant role in this process. For me, the establishment of norms is a consequence of various social interactions and is done by matching behavior and regulatory solutions to what is considered right in a given situation. Social imaginations and their interpretations influence norms to a much larger extent than interests.

The normative dimension of social life must have an internal coherence (logic of appropriateness) and constitute a specific whole, but this cannot mean that it is established holistically and in bulk. It undergoes gradual change by successive incremental adjustments and adaptations. Breaking away from a previously existing institutional order is possible, but it happens rarely and is a testament to internal or externally induced decomposition of the social system.

Those who believe norms to arise spontaneously cite the so-called naturalistic fallacy, which – according to the coiner of the phrase, George E. Moore [1903] – is the inability to logically derive prescriptive sentences from descriptive ones (i.e., sentences containing the words “ought” or “ought not” from sentences containing “is” or “is not”). Ergo, norms/rules defining duty are derived from repetitive behavior – they are spontaneous. In the course of repeated social interactions (series of games) individuals acquire experience, endowing them with prudence (forethought) and enabling them to assess the usefulness of competition and collaboration. Consequently, still guided by self-interest, they engage in cooperation to facilitate the fulfillment of long-term aspirations. I consider this reasoning to be somewhat simplistic. Could the convention of left-hand or right-hand traffic have emerged spontaneously? A social game based on individual calculations of benefits cannot by itself lead to the initiation of actions that condition the preservation of the community in which the game takes place.

People are guided by different instincts and motives. Their behavior is often impulsive and spontaneous. It is generally routine and schematic to some extent, but often it is also deliberate, reflective, and not meant to yield immediate benefits. Even though people may not ask themselves daily about the meaning of their actions or existence, the question remains inescapable. And when people do ask themselves this question and try to come up with an answer, they transcend the pattern of routine and calculated behavior driven by their own self-interest and enter the sphere of culturally conditioned rightness (axionormative order). They become subjects – not only executors of specific acts, but also (co-)creators of the social world. I believe that the creation of norms is partly spontaneous and partly deliberate. And the latter mechanism must be linked to subjectivity. Norms can only be established by entities capable of cooperating with other entities (more on this in Chapter IV).

The role of institutions

Many social theories make the mistake of assuming that social life is organized around choices made according to rules that are given and preserved. The fallacy of this assumption lies in the fact that, even if we wished to maintain

the category of choice in the description of the social world, we would have to assume that the rules of possibility are neither given nor immutable nor universal; they are socially determined and at the same time subject to interpretation and modification.

The institutional approach does not overlook the issue of interests as a factor determining the actions of individuals and social groups, but it does reject the claim – predominant especially in neoclassical economics – that social equilibrium is achieved spontaneously (is self-enforcing) as each participant in social life acts in their best interest, taking into account what others do (can do). Social order is, therefore, the result of social interactions that take the form of bargains or contracts [see Przeworski 1991, p. 22–23]. According to Adam Przeworski, culture is not without significance. It shows people what they should want; it informs them about what they must not do; it defines what they must conceal from others. Thus, people act in a communicative and moral context, but still they continue to be guided by their own interest. What Przeworski proposes, however, is a specific understanding of what culture is. He presents it as a collection of normative (moral) limitations which people have to take into account but do not have to respect, filtering them through the lens of their own interest. As if culture was something external, located outside of people, somewhere in the social space, in the context – and not at the center of human activity. In my view, culture (and thus institutions) cannot be placed outside of individual identity and treated only as an external force in relation to the individual.

Institutions are important for Przeworski [1991, p. 26] but only in two ways: as rules of competition and as codes of punishment for noncompliance. As if rivalry was the essence of social life. And yet institutions also shape the functioning of organizations, are built into them, and thus replace the use of actual violence and force with credible threats and internal moral compulsion.

Przeworski adds [p. 29] that institutions offer actors an intertemporal perspective. Even if they have just suffered a loss by complying with the rules, they can expect to benefit more the next time. The question is whether such a calculation would be possible if the individual did not make the assumption that the binding rules are permanent and thus must be socially recognized as right – and even if they were to be changed, this change be implemented in a predictable and justified manner. If the majority of the society's members did not accept and voluntarily submit to such a rightness-based (substantive) justification of the binding rules, the social institutions would not work, and the social order would disintegrate.

The existence of institutions restricts human activities, but it also offers relative predictability based on the mutuality and reciprocity of social relations.

This provides grounds for trust with regard to both interpersonal relations and the rules of social life. And a society can hardly be expected to function without at least a rudimentary sense of trust.

The fact that societies include various types of “free riders” does not invalidate the linking of individual and communal activities with institutions. The latter’s “power” does not come from imposing strict rules of conduct on everyone, but from opening numerous pathways of action by selectively limiting others. The use of these pathways reinforces particular rules, institutionalizing them, which means incorporating them into identity-based codes of conduct. When these codes are adopted by a sufficiently large group of individuals, they become a permanent fixture of that group’s identity and self-organization.

We should keep in mind that social order is shaped by many different institutions. Not every individual is a participant in each of these institutions, and institutional coherence is always relative. This practically means that the individual always has a certain degree of freedom in following various sets of rules. And they will not necessarily always do the same thing in particular situations. All the more so because individual identities are neither monolithic nor rigid – they are always multifaceted and malleable to some extent. Therefore, when Wolfgang Streeck [1997] states that alternative modes of action (behavior) are in fact different identities, the point is not that individual (or collective) actors have multiple identities, but rather that identity is multifaceted and enables the definition and initiation at least several modes of action.

Institutions are a kind of an infrastructure for human activity, making it possible and reproducible, while at the same time imposing certain restrictions. The advantages and drawbacks of institutions can be considered from the standpoint of the social system’s stability and development. The institutional order allows collectives to evolve into communities by creating, imposing, and consolidating normative restrictions and social obligations in relation to individual interests and activities. Otherwise, social anomy would prevent individuals from achieving their goals, depriving them of the conditions required for action. Although individuals often try to liberate themselves from these constraints, this does not mean that it is always to their benefit. By focusing on immediate and situational benefits, they often break the rules that are in fact ensuring their long-term security.

Institutional constraints may force actors to search for alternative solutions (e.g., with regard to environmental protection) [see Streeck 1997]. However, institutions do not determine action; they do not decide whether some action will be taken, and neither do they select the mode of its manifestation. They are more of a constitutive factor than a driving force for action. And human activity can always feature a component of creativity and originality that will transcend the patterns of routine and repetition.

Institutional order as a component of the social system

Human activity in the context of social order should not be considered in terms of homeostasis or as something that leads to a state of equilibrium. It results from tension and may be oriented towards its alleviation, but the result is a transition from one type of tension to another. It is not only a discharge of energy, but a source of its generation.

When institutions are considered to operate in and interpret the world, it means that they are granted subjectivity, anthropomorphized, and attributed with awareness. Institutions cannot spontaneously create their environment on their own. Institutions are not subjects or social systems – they are the rules and norms that make up social systems, and they are indispensable components of these systems.

Granting institutions subjectivity is a frequent device. Many researchers treat them as agents, and some use the term “institutional agents” to describe them. René B. Bertramsen et al. [1991, p. 144] believe that collective agents transform themselves into institutional agents when their behavior becomes highly determined by sets of rules, norms, and obligations, either formal or informal, that are embedded in various institutional orders. Institutional agents ensure the reproduction of institutional orders depending on their ability to control authoritative resources, such as forecasting models, access to information, the institution’s organization, information processing, or the recruitment and training of personnel. I do not question the descriptions of the roles of these collective agents, but why call them institutional? This, after all, stems solely from the conceptual cluster of “institution=organization”.

Each institution has its strengths and limitations. Institutions are not universal, but they evolve, and their evolution is conditioned by cultural, social, economic, and political factors. Each exists within the framework of a broader institutional order, which may reinforce or lessen its strengths and drawbacks. Therefore, there is no lasting and universal institutional order – all such orders are subject to erosion and change. This is because institutions are not eternal – they are characterized by tension and volatility, not just stability and predictability. While stability and resilience to external interferences and disruptions used to be valued features of institutions in the past, today institutions are more highly regarded for being flexible and adaptable and for facilitating the acquisition of self-knowledge by social actors. This both reflects and implies the intensification of social change.

Emphasizing the evolutionary nature of institutions should not lead us to underestimate their relative permanence. They are much more permanent than the organizations and entities whose activities they regulate. They are the

most durable components of social systems, and, while they do exhibit some capacity for adaptation, it is unremarkable. Indeed, they make the social system more rigid. This is partly because changing the institutional order is always costly. That is why institutions often continue to function by virtue of inertia: they continue to exist because they have been around for a long time [Przeworski 1991, p. 86].

In my deliberations I strongly emphasize the issue of change, not social equilibrium, but a description of social systems should explain not only what enables their adaptation and change, but also what ensures their survival and continuity. This aspect of the problem is highlighted by Carlo Borzaga and Ermanno Tortia, who argue that “the emergence and sustainability of institutions grows with the degree of matching between individual motivations and organizational behaviour and aims” [Borzaga, Tortia 2007, p. 43]. However, I am not convinced by this thesis because it implies that individual preferences as well as organizational aims and behaviors are somehow separate from institutions, as if institutions were not participating in their shaping. And yet institutions act through people.

The issue of institutional order is linked by various researchers with a phenomenon called institutional isomorphism, essentially understood as the process by which the functioning of entities with different legal forms and organizational structures becomes similar. It is, therefore, a convergence of organizations that are generically different, although functionally similar. I do not find this concept particularly clear because its supporters seem unable to fully explain the reasons and ways in which organizations become similar. They claim that this happens by virtue of some kind of forces (isomorphic forces), but do not explain their nature. Moreover, it is generally unclear whether the process pertains to organizations with similar functions or different ones. It seems to me that at least two questions related to this concept require an explanation: 1) Why do generically different organizations operate in similar ways in a given environment?; and 2) Why do generically similar organizations operate differently in different environments? The concept of institutional isomorphism neglects the latter phenomenon completely.

In my view, institutions, their collections, and entire institutional orders are socially embedded in the sense that they are social products (i.e., human products, or more precisely: products of interpersonal communication and cooperation) and that they function through people. Frank Knight illustrated this in an interesting way, comparing the relations between social entities and institutions to rivers and canals: at any given moment, the canal determines the course of the river, but in the long run, the opposite is true, that

is, the river determines the location of the canal [Delorme 1993]. So it is not about causation, but rather about permeation. Institutions shape human activity, but this does not happen automatically, in a mechanical way. Activity requires the applicable rules and norms to be interpreted.

However, this cannot be reasonably described and explained if we fail to recognize that the social reality is complex and multilayered, and that there are social mechanisms that bind together the actors operating at these different layers. Which begs some obvious questions: How do these layers form? How are they linked? On what or on whom does this depend? This area of consideration includes one of the key questions in the social sciences, namely: how are social (institutional) orders, including those of a higher level, formed – what is the process of their emergence?

They are not simply constructed or established, but rather – they emerge. Subjects can think and act in constructivist terms, they can believe that something can and should be done, but social reality is not constructivist. Friedrich Hayek [1998] rightly believes that social orders emerge spontaneously and are in this sense emergent. And he can also be considered right to warn against acknowledging the possibility that the social order can be constructed. Nevertheless, we keep undertaking collective actions with some idea of a better social reality in mind. Hayek also believed that the desired, best possible, and spontaneous social order results from the uninhibited interaction of selfseeking individuals. And this belief is false. Even if we consider that the interactions taking place solely at this individualistic level of the social structure can lead to the emergence of any kind of social order, such an order could certainly not survive because it would not be able to change or grow. This would also require other layers of the social structure – higher-level institutional orders.

I see no justification for making the distinction – as John L. Campbell and Ove K. Pedersen [2007, p. 310] do – between “institutional homogeneity” and “institutional heterogeneity”. By nature, all institutional orders are to some extent relatively heterogeneous and relatively homogeneous. What is sensible, however, is to recognize that these characteristics may occur with varying degrees of intensity. Therefore, institutional orders can be described as more heterogeneous or more homogeneous than others. Incidentally, contemporary social orders are becoming increasingly heterogeneous due to the widening institutional and organizational diversity of social systems, which is a key expression of their growing complexity.

Oliver E. Williamson [1996, pp. 325–326], referring in his argument to the distinction between the institutional environment and institutional arrangements put forward by Lance Davis and Douglass C. North [1971, pp. 6],

proposed his own scheme to illustrate the relationship between individual activity, institutional arrangements (which he refers to as institutions of governance), and the institutional environment.

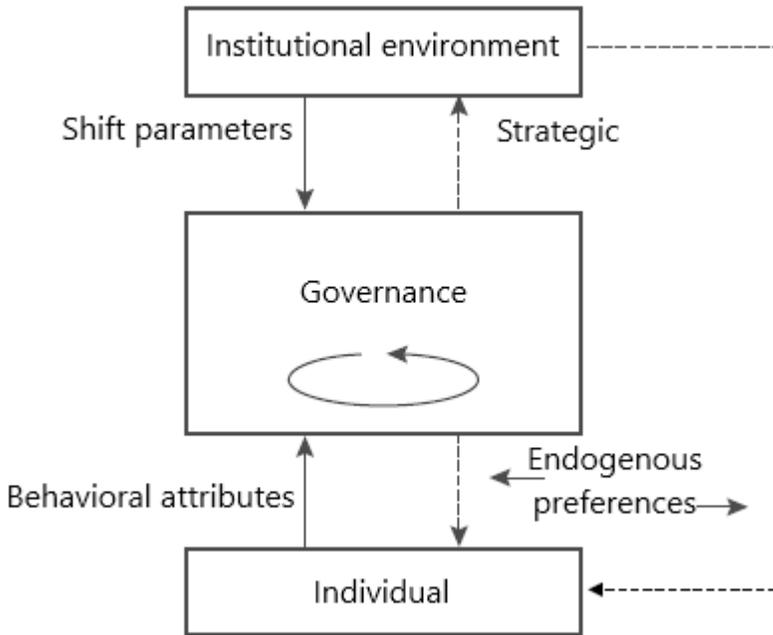


Figure 1. Relationships between individual activity, institutional arrangements (institutions of governance), and the institutional environment. The main effects are shown by the solid arrows, while the broken arrows represent the feedback effects [Source: Williamson 1996, p. 326].

This approach seems overly simplified for at least a few reasons: 1) Williamson’s model ignores the existence of collective actors – only individuals are included; 2) institutional arrangements (institutions of governance) are in fact organizational/managerial arrangements and not institutions in the strict sense of the word; 3) institutions in this case are treated as a factor that is external to individuals and organizational arrangements – their influence comes from outside, and 4) their influence is limited in scope to shaping the preferences of individuals and changing organizational parameters. Thus, Williamson ignores what is most important, namely that institutions shape the identity of individuals and collective actors.

If the influence of institutions is perceived as external in relation to the actors, the emphasis is placed on their power and coercive nature. Institutions “work” because compliance or non-compliance with the relevant rules and norms triggers specific consequences for the actor – it is, respectively, rewarded or punished. In turn, recognizing that institutions shape the actors’ identity, thus acting “from within”, means emphasizing their aspect of rightness: the actors comply with the relevant rules and norms because they consider them right and proper.

A convincing commentary on these two dimensions of institutional impact in the context of politics was provided by James G. March and Johan P. Olsen [1989, p. 160]: “Politics is organized by a logic of appropriateness. Political institutions are collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what the obligations of that role in that situation are. When individuals enter an institution, they try to discover, and are taught, the rules. When they encounter a new situation, they try to associate it with a situation for which rules already exist. Through rules and a logic of appropriateness, political institutions realize both order, stability, and predictability, on the one hand, and flexibility and adaptiveness, on the other.”

The authors contrast the “logic of appropriateness” with the “logic of consequentiality”, in which “behaviors are driven by preferences and expectations about consequences. Behavior is willful, reflecting an attempt to make outcomes fulfill subjective desires, to the extent possible. Within such a logic, a sane person is one who is ‘in touch with reality’ in the sense of maintaining consistency between behavior and realistic expectations of its consequences.”

I consider it an error to neglect the dimension of institutional impact described by March and Olsen as the “logic of appropriateness” in favor of the “logic of consequentiality”. To defend the former, I would like to recall the argument used (in a slightly different context) by Kenneth J. Arrow: “If the obedience to authority were solely due to potential control, the control apparatus would be so expensive in terms of resources used as to offset the advantages of authority” [Arrow 1974, p. 72]. Therefore, in social systems, external control and sanctions are generally of limited use. It is more effective to appeal to self-control, premised upon the recognition of the institution’s impact on the actors’ identity, which includes the principles and values they adhere to. In general, social systems develop a combination of control mechanisms that incorporates both these approaches.

Institutions and institutional orders are not independent entities – they function within social systems, and so we can analyze and compare social

systems in terms of their institutional content. Therefore, it seems justified to use of the concept of cross-system “institutional competitiveness”, often employed to compare societies’ ability to cope in the globalized and increasingly competitive world.

However, it is worth considering whether we are not dealing with “institutional competitiveness” within a given system as well, because institutional orders, though durable, are not eternal – they evolve. “New” institutions replace “old” ones, which is a sign of competition. Moreover, the ample institutional repertoire of the social system means that some institutions can always be activated while others can be blocked, which could also be seen as a manifestation of “institutional competitiveness”.

Normative foundations of the social order

At this point I would like to turn to the issue of the social order’s normative foundations. There are two questions that I find particularly interesting: 1) whether a social order can exist without normative foundations; and 2) whether these normative foundations are sustainable.

Certain norms shape the social order, provided they are institutionalized, i.e., socially defined, recognized, and disseminated. Institutionalized norms regulate various aspects of the social order. They relate to the individual and their position in society (e.g., freedom, equality), to social structures and the relationships between them, as well as to the relationships between individuals and social structures. The latter two can be exemplified by the principle of subsidiarity. Its classical formulation can be found in the encyclical *Quadragesimo Anno* issued by Pius XI in 1931: “Still, that most weighty principle, which cannot be set aside or changed, remains fixed and unshaken in social philosophy: Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them. The supreme authority of the State ought, therefore, to let subordinate groups handle matters and concerns of lesser importance, which would otherwise dissipate its efforts greatly. Thereby the State will more freely, powerfully, and effectively do all those things that belong to it alone because it alone can do them: directing, watching, urging, restraining, as occasion requires and necessity demands. Therefore, those in power should be sure that the more perfectly a graduated order is kept among the various associations,

in observance of the principle of ‘subsidiary function,’ the stronger social authority and effectiveness will be the happier and more prosperous the condition of the State” [Pius XI 1931, pp. 707–708].

The principle of subsidiarity is usually linked to a decentralization of the state and public authority, but this is a simplification. As Piotr Marciniak rightly pointed out, “decentralization may facilitate the realization of the principle of subsidiarity, but it certainly does not exhaust its richness” [Marciniak 2000, p. 14]. Firstly because it pertains to relations not only between the organs of the state as such, but also between public authorities and individuals or the non-state structures they create. And secondly because it is not about transferring competences and tasks from the top down, but about recognizing that individuals and social microstructures must be supported from the top in such a way that they are able to exercise their own competences and perform their tasks.

The institutionalization of norms should not be understood (exclusively) as their legal formalization. The experience of Stalinism shows that even a legal act of the highest order, such as the Constitution, does not necessarily have to constitute the norms that are actually shaping the social order. At the same time, the notion of soft law (non-binding law) has already entered scientific circulation, referring to norms that are not prohibitions or mandates, but nevertheless regulate the behavior of the participants of communities in which such norms are established and adopted. They achieve this by creating a community of values, rather than by means of formalized rules and codes of conduct (hard law). Thus, they undoubtedly contribute to social cohesion. Such norms work when people, as a result of social interaction, accept responsibility that is then enforced not only from without; its nature is interactive rather than imperative. Social order is, therefore, not based solely on the letter of the law or the social contract in the literal sense. It is determined largely by ideas and principles rather than paragraphs [see Fox, Miller 1995, p. 27].

Institutionalizing the norms that constitute the social order does not mean that the society must become homogeneous. The social order’s normative legitimacy does not prevent its participants from adopting different identities. Seyla Benhabib [1996, p. 3] aptly emphasizes that “every search for identity includes differentiating oneself from what one is not”. Thus, adopting one’s identity is synonymous with creating grounds for difference, tension, and conflict. The social order’s normative foundations will not prevent this. However, they should prevent the adoption of identities that are hostile to others. A hostile identity is characterized by the belief that preserving one’s own identity requires eliminating difference and otherness [Benhabib 1996, p. 4]. A hostile identity excludes the possibility of a community based on what is universal,

on what unites different social categories. It therefore destroys the foundations of the social order. Still, democratic social orders allow hostile identities to persist, as long as they are not dominant, and the individuals and social structures expressing them do not seek to dominate others, but only to preserve their own separateness.

The problem of social hostility became the object of Max Scheler's attention in his fundamental work *Ressentiment and morality* [2008]. Scheler describes resentment as "a suppressed wrath, independent of the ego's activity, which moves obscurely through the mind. It finally takes shape through the repeated reliving of intentionalities of hatred or other hostile emotions. In itself it does not contain a specific hostile intention, but it nourishes any number of such intentions" [Scheler 2008, p. 2]. Resentment reveals a tendency to axiological depreciation of the other, which brings an illusory easing of the associated tension [p. 7]. Scheler also discusses the conditions for the formation of resentment, stating that it "can only arise if these emotions are particularly powerful and yet must be suppressed because they are coupled with the feeling that one is unable to act them out — either because of weakness, physical or mental, or because of fear. Through its very origin, *ressentiment* is therefore chiefly confined to those who serve and are *dominated* at the moment, who fruitlessly resent the sting of authority. When it occurs elsewhere, it is either due to psychological contagion — and the spiritual venom of *ressentiment* is extremely contagious — or to the violent suppression of an impulse which subsequently revolts by 'embittering' and 'poisoning' the personality" [Scheler 2008, p. 6].

However, in today's open societies, which admit individuals and groups of separate ethnic identities, this can pose a threat to the social order; a threat that is being addressed not by cultural assimilation, but by multiculturalism. This strategy can be successful provided that persistent communication and multicultural dialogue can create new and specific foundations for the multicultural social order. History proves that this is possible, but difficult. And under certain circumstances (e.g., during an economic crisis), such an order can be not only disrupted, but even shattered. According to Anne Phillips [1996, pp. 143–145], there is always a danger that identities will be dogmatized into some naturalistic and unchangeable essence, so there is always a threat that differences will generate destructive attitudes and fear. A policy that ignores identities is useless, but non-negotiable identities will enslave us if they are imposed from within or without the social system.

Normative foundations of the social order do not only concern the political sphere; they pertain to and are indispensable for the economy. This conviction is the basis for, among others, economic ethics or, more narrowly, business ethics. Obviously, the relations between ethics and the various forms

of economic activity are neither simple nor deterministic, but they clearly exist. Modern multinational corporations are developing on specific normative grounds, just as guilds of craftsmen did in the Middle Ages.

Normative foundations of the social order also relate to the issue of social justice. The various concepts of social justice essentially concern the distribution of basic goods, which Amartya Sen [1992, p. 81] describes as “primary goods” and among which he includes: “income and wealth”, “the basic liberties”, “freedom of movement and choice of occupation”, “powers and prerogatives of offices and positions of responsibility”, and “the social bases of self-respect”. Sen links freedom to equality but believes that the relationship between these two is not straightforward. Equality does not ensure freedom, though it can be considered as conducive to it. At the same time, freedom does not lead to equality, although it does not stand in opposition to it [Sen 1992]. Sen’s observations clearly show that the issue of social justice is intrinsically entangled in conflicts between different values. Hence: 1) people will always come up with different and often opposing concepts of social justice; and 2) forming a common approach is only possible through dialogue and interaction.

Witold Morawski [2001, pp. 296–297] distinguishes three basic approaches to the idea of (social) justice: 1) universalistic, 2) relativistic, and 3) interactionistic. The first assumes the existence of universally recognized and binding norms that “objectively” settle what is just and what is not. According to the second, the sense of justice depends entirely on the socio-cultural context. Finally, the third can be seen as an attempt to reconcile the two previous approaches. Its advocates believe that a relatively permanent sense of justice in a community is determined by the system of social interactions forming that community.

Using this classification, I would place my views in the latter, interactionistic approach to social order normativity. Normativity affects an individual not only through their beliefs, but also through the influence of social interactions because social actors cannot by themselves know what would be good if they were someone else – if they had a different identity. Thus, a change of behavior caused by a change of identity is always a result of external pressure, including restrictions imposed by others. This means that normativity constitutes a social order when it is institutionalized.

The distinction made by Weber [1994] between an ethic of conviction (*Gesinnungsethik*) and an ethic of responsibility (*Verantwortungsethik*) seems useful. In the former, action performed in accordance to certain ethical beliefs, to a maxim considered to be unconditionally right, is attributed with inherent value, even when following the moral maxim entails immoral consequences. In turn, the latter imposes on the acting person the responsibility for the

immediate or indirect immoral consequences of the actions motivated by specific maxims of morality. As I interpret it, this means that the ethic of responsibility is formed as a consequence of the institutionalization of normativity and is an expression of specific established social interactions. These interactions relate both to Weber's "socialization", defined as a social relationship in which social actions are oriented towards a rationally justifiable compromise of interests or linkage of interests, and to "communitization", which he understands as a social relationship in which social actions are oriented towards subjectively experienced co-affiliation. The opposite of "socialization" and "communitization" is social exclusion.

The behavior of individuals and social structures is not determined by the normative foundations of the social order, but it is essentially influenced by them. Without normative foundations, the social order would disintegrate. At the same time, actions taken by individuals and social structures would be generally ineffective and inefficient.

Conclusion. Functionality and evolution of social orders

Norms are not manuals or regulations, but they form a framework for action. This framework sets the limits of legitimate action [Nee 1998]. On the one hand, it consists of boundaries (prohibitions), and on the other – guidelines (mandates) and justifications (obligations). Acting within the normative framework enables cooperation and its continuation, sustaining the communal bonds. Norms are not parameters. Norms are applied, which implies interpretation. Norms are not used to describe objects. They refer to the social system. Therefore, norms evolve as social systems evolve. Norms are not selected – they take shape and emerge. Victor Nee [1998, pp. 8–10] considers norms to be a form of social capital that can be treated as a common good that determines the production of other common goods, which would not arise from individual actions.

Human activity is intrinsically relational – it is undertaken on account of something or someone. It has an overt or concealed communicative layer: it is always a kind of an act of communication with other people. Consequently, actions serve a reproductive function in relation to the social system. Treating actions as acts of communication does not mean that every action consists in a direct exchange of information; nevertheless, it does mean that every action has its semantic content.

In this sense, human activity is inherently discursive, even though it does not necessarily have to consist in discourse or direct participation in discourse. The communicative aspects of action are associated with its

mental and semantic layer and not necessarily with its operational layer (practical and material). As Ernesto Laclau and Chantal Mouffe [1985, p. 108] emphasize, meaning and action are intertwined. Human activity has a discursive (communicative) nature, but discourse also shapes the identity of the subjects, thus permeating human activity. At the same time, discourse – broadly understood as the practice of communication – takes place in some semantic space.

What is biological and social in man cannot be clearly separated. To some extent, the action of some biological factors is socialized, as the factors that cause people to change their behavior and worldview include biological ones (e.g., aging). Therefore, the biological aspect of human existence must also be included in the set of factors that shape human activities.

The reflections included in this chapter give rise to the following conclusions:

1. People act consciously and intentionally, and both these characteristics of human activity are socially determined (relative rationality),
2. Human activity is a specific social, interpersonal relationship,
3. Human activity always implies interpretation,
4. Human activity is an act of communication with other people, with its own meaning and semantic content,
5. Human activity is an expression of the actor's autonomy,
6. The identity of the actors is multidimensional and malleable,
7. Institutions are a kind of an infrastructure for human activity, making it possible and reproducible, but at the same setting its limits,
8. Institutions do not determine action, nor do they decide whether it will occur or how it will manifest itself; they are more of a constitutive factor than a driving force for action,
9. Each institution occurs as part of a wider institutional order that may reinforce or lessen the institution's advantages and drawbacks,
10. Institutions and institutional orders are not independent entities but function within the framework of a given social system: they are systems of rules and norms that constitute the social system,
11. Institutions and institutional orders shape the identity of subjects in a permanent way, thus defining the social roles of a given social system's participants and indirectly regulating their behavior,
12. Institutions do not operate on a stimulus-response basis. They affect subjects from within (by shaping their identity) and from without (by sanctioning behavior that is desirable from the perspective of the social system),

13. Institutions, their collections, and entire institutional orders are socially embedded in the sense that they are social products (i.e., human products, and more precisely – products of interpersonal communication and cooperation) and that they function through people,
14. Institutions and institutional orders are not universal or eternal. They are evolutionary in nature,
15. Institutional governance rigidifies the social system, ensuring its stability,
16. Institutions are the most durable component of social systems; they exhibit capacity to adapt, albeit to a limited extent,
17. The capacity to transform the institutional order conditions the ability of a social system to adapt and develop,
18. Contemporary social orders are becoming increasingly heterogeneous as a result of the widening institutional and organizational diversity of social systems, which is a key expression of their growing complexity,
19. Individuals and collective actors have some freedom to follow different sets of rules in their activity,
20. A component of creativity and originality may appear in human activity, leading it beyond routine and repetitive patterns,
21. Human activity is contingent in nature, for there are potentially many possibilities for action. Therefore, this or that can happen, and the fact that something happened was not predetermined – something else could have happened as well; what happened was the result of many factors and did not necessarily have to happen the way it did,
22. Human activity is also affected by biological factors.

The relationships between the different components of the social order can be horizontal and vertical. The vertical arrangement of these relations makes the social order multi-levelled. This applies to both its ontological and epistemological dimension. Activities undertaken within simpler social structures may produce more complex structures and fall within the scope of their functioning. The repertoire of possible relations occurring in such complex structures is broad and seems unlimited. It is a great field of human invention and social innovation. As a result, however, new and increasingly complex social structures are formed. Consequently, new and increasingly broad fields of social interaction are also formed within the increasingly complex structures, and the more complex these structures are, the greater the extent to which their functioning depends on horizontal relationships. This means that the hierarchical order cannot grow *ad infinitum*.

The more complex the social structure, the more problematic it becomes to coordinate the many various types of its participants. Coordination always has a power dimension. The forms of such influence may differ, but, in general, the following types can be distinguished: 1) mandates; 2) prohibitions; 3) mandatory norms; 4) prohibitory norms; and 5) agreeing upon norms. Reliance on these different forms of controlling influence implies different formulas for coordinating action in complex social structures and also different patterns of their adaptability and development.

Different methods of coordination require different types of resources. The cost of obtaining and using them varies as well. Kenneth J. Arrow aptly remarked that “authority, the centralization of decision-making, serves to economize on the transmission and handling of information” [Arrow 1974, p. 69]. Only that this alone does not yet determine higher efficiency in structures with centralized and monolithic power. On the contrary, the general tendency is that the more complex the social structures are, the more decentralized and polyarchical (rather than hierarchical) the coordination of collective actions becomes. This is one of the reasons for the popularity of the notion of *governance* and the widely observed retreat from monocracy towards co-management. The initiation of coordination through co-management is facilitated especially by the formation of horizontal networks (see more in Chapter XII).

Researchers and social theorists study, on the one hand, the behavior of individuals, the functioning of various social structures, and the interactions between them, and, on the other, the processes through which new forms of social order emerge and develop. The former area of interest is typical of the functionalist approach to social sciences, while the latter incorporates an evolutionary perspective into the social sciences.

Formulating a general theory of social reality is made impossible by, on the one hand, the complexity and multileveled structure of social orders, and on the other- the continuous emergence of new forms of social life and the evolutionary nature of the social world. Instead, partial theories with various degrees of generality can be legitimately formulated, but even the most general of these will not be all-encompassing or exhaustive. Not to mention that no social theory can be adopted as definitive, as there can be no form of social order that would stop the process of social evolution.

CHAPTER IV

SUBJECTIVITY

Introduction. Subjectivity and the axionormative order

Actors acquire subjectivity by relating their actions to values. Subjectivity is thus associated with the production of values, which implies that meaning results from and is an attribute of subjectivity. In order to be able to constitute an axionormative order, social actors must “strike out for subjectivity”, they must know how to give up a shortterm benefit in favor of fulfilling a duty. This requires them to refer to values – to respect and produce them. As a result, their actions gain integrity. The way they define the idea behind their actions constitutes – or not – their subjectivity. It also provides them with a capacity for reflection, for discourse, and for setting and complying with norms.

As a result, although norms are embedded in spontaneous social interactions, this is not their only source. They are also generated by subjects. This approach corresponds to Roman Ingarden’s position: “A decision of will and an action can only be considered a person’s ‘own’ act when they come directly from that person’s center of ‘I’ and have their true beginning therein, and when that center of ‘I’ controls and directs the action that emerges from it” [Ingarden 1987a, p. 85].

This means, however, that values result from facts and lead to facts, but this occurs through subjectivity. The movement from (self-)knowledge to norms is not purely cumulative. A mechanism other than just the individual experience of participating in the social games must be initiated. What is needed is a mechanism in which actors consciously and deliberately organize themselves to establish or change the rules of the game. Thus they subjectify

themselves. But then they need to muster a reflection that is axiological, i.e., one that refers to what is right and beneficial from the perspective of the community and not just individuals. The fact that subjectivity results from generating values does not mean that it is self-referential and monadic.

Society, while itself not a subject, can become a real social entity provided that it is animated by subjects bound by a common axiology and the associated procedural norms. Both are necessary. Norms alone will not suffice, partly because the direction of their modification must also be agreed upon.

Seeking insight into the essence of values must be based on the recognition that relationships between people have a different nature than relationships between people and things. The nature of the latter boils down to objectification – object-oriented, instrumental treatment of things by people. Whether a particular way of instrumentalizing or using things is beneficial to people, whether it is rational or irrational, is a secondary concern. What is important is that things are items, objects that people use, and the way they are used has a significant impact on the users as well.

Relationships between people can also be instrumentalized: some people can treat others instrumentally, objectifying them, treating them as tools. And this happens very often. But in order for human beings to form a community, which is a necessary condition for their survival – both as individuals and as species – they have to cooperate with each other (at least to a degree that is minimally required in specific circumstances), i.e., respect each other's autonomy, communicate, and agree on standards of conduct. And this means that they create a subjective and social dimension of their existence. This cannot be done without reflection and dialogue. Nicolas Bourriaud [2002, p. 93] puts it well, when he remarks that polyphony (“manyvoiceness”) is a rough form of subjectivity and the opposite of “reifying fragmentation”.

Subjectivity has a social nature: it is generated/reproduced, not given. It grows from social bonds and leads to their formation. Becoming a subject requires one to subjectify others, just as objectifying others consequently leads to objectifying oneself for it precludes the creation of new ways/processes of producing values – what remains is the consolidation of the ones already in use, i.e., a routine.

The problem of individualism and communality

I will begin this section with three statements that I disagree with, namely:

1. “Subjectivity can only be attributed to individuals”,
2. “Subjectivity is synonymous with rationality.” I disagree most strongly with reducing subjectivity to the ability to make rational choices. I relate

subjectivity to complex social (decision-making) situations. In such situations, the subject's actions are not choices between alternative possibilities; instead they constitute a complex procedure through which a particular problem is gradually defined and resolved. The subject's actions form a bundle of decisions,

3. "Subjectivity is selffocused and selfreferential." While I acknowledge that the subject is selffocused and selfreferential, it is also open and refers to other subjects. Otherwise, it would not be a subject and would not be able to act as one,

To put it in simpler terms, the concept of subjectivity that I have adopted and discuss at more length below is not compatible with methodological individualism. I find this crucial because methodological individualism is the conceptual foundation of mainstream economics.

Paradoxically, subjectivity leads to dependence – it implies interdependence. Total independence would require one to completely objectify their environment, thus actually breaking the social bond. However, the consequences of this would be contrary to expectations – by isolating themselves, individuals (or groups) lose themselves. Émile Durkheim [2011] described this process over a century ago, demonstrating that the disappearance of community leads to anomy, the results of which include rising rates of suicides.

Such reasoning excludes contraposing the individual against the community: both are essential for the functioning of society. Both are also, by their very nature, social – there is no person without community and no community without persons. What should be contraposed is subjectification and objectification as forms of organizing social life. Which leads to the following questions: To what extent is communality imposed and to what extent is it voluntary? To what extent does it result in subjectification and to what extent does it lead to incapacitation?

The issue of what binds societies together was considered by Mirosława Marody and Anna Giza-Poleszczuk [2006], among others. The authors distinguished three types of social (interpersonal) connections: influences, relations, and bonds. Social bonds are the strongest of the three because they are based on complementarity. This enables a given social group to become a "survival unit", i.e., generate behaviors that serve to sustain its existence [Marody, Giza-Poleszczuk 2018, pp. 118–119]. For me, this means that the group becomes a community and gains subjectivity. It also means that the complementarity binding the group, pointed out by Marody and Poleszczuk, also results from a community of values. Thus, the group does not function only as an

interest group based solely on exchange and division of labor. It is also bound by a community of fate – of heritage and future. Communalities exist simultaneously in two dimensions – synchronic and diachronic.

From these considerations, developed later by Marody [2021, pp. 14–19], it follows that individual interactions alone, even repetitive ones, do not yet form a community. Its formation also requires the existence of relatively permanent bonds between individuals. One component of such bonds is the awareness of belonging to a group in which cooperation between individuals has a significant impact on their personal success. Community results from the fact that individuals sense and experience that their fate depends on the group's functioning. This also means that the community is formed by the norms that regulate the group's functioning, including the fulfilment of specific social roles by certain individuals. The community emerges from the normalized cooperation between a group of individuals – normalized as a result of the bonds uniting the individuals. The emergence of these bonds enables the group to generate common values.

And in this sense, the community exists as long as it is being created by its participants. It cannot be accidental. It is created deliberately and consciously, which does not give it permanence: it can fade away. And this happens when it does not produce values that would allow it to develop – to last and to change. The community is not an absolute entity, but a relational one, because it exists only as much as it becomes: it must be understood processually and contingently [Bourriaud 2002].

There are no perfect, universal, and eternal forms of community and subjectivity. Subjectivity excludes constancy. Its attribute is dynamic identity (as understood by Ingarden [1987b, p. 224–225]), constituted by both continuity and change.

Society draws its strength from free individuals who nevertheless need to cooperate with other individuals to be free. Freedom from and freedom to condition each other and are conditioned socially. And even though existential values are a social product, individuals contribute to their creation, especially those individuals who are authority figures and role models for others. It is existential values that form the crucial knots of social bonds.

Values have a dual nature – they are subjectivized individually and objectivized communally. Society needs both these forms of cognitive activity. Without them, subjectivity and the ability to produce values cannot be developed. Subjectivity is born in the tension between that which individualizes and that which makes things common – there is no subjectivity in that which is only individual or only collective.

I do not claim that the society is a subject, but I stand for ascribing the status of subjects to both individuals and the communities that they jointly create. Notwithstanding, I believe that collective subjectivity cannot be reduced to individual subjectivity. Collective subjectivity is a separate category, both theoretically and practically. It not only takes over and generalizes what is individual, but also produces what is communal and, consequently, indivisible (though destructible).

I do not reject the position of methodological individualism. I emphasize that this is an inspiring and legitimate cognitive and explanatory perspective. However, I am opposed to treating it as an overriding perspective because then collective actors are denied the status of (independent) subjects. At best they can then be considered as legal entities (legal persons), but not social subjects. Collectives are then treated solely as streams of events, not sources of values and meanings. Actions flow through them, but these are not their actions.

It seems to me that, when we adopting the position of methodological individualism, one must constantly – at the ontological level – juxtapose actions and structures. I do not wish to say that such a juxtaposition at the methodological level is not acceptable or cognitively helpful, but it is only by considering collective subjectivity that actions and structures can be combined together into the category of the social system. Within the social system, they constitute two sides of the same thing – synchronized manifestations of social existence.

Bogdan Szlachta [2014, p. 47], citing Alasdair MacIntyre's position, rightly points out that the concept of methodological individualism excludes the existence of collective subjects. Only loose communities can exist, as results of free and arbitrary merging of atomized individuals into relationships that they alone define. MacIntyre maintains, however, that the social world does feature communities to which subjectivity can be attributed; Szlachta calls them "communities of rootedness". Membership in such communities is not a choice, but a result of cultural attribution, from which one can liberate oneself, but one has to want it and have some direction in mind. Such communities are not created by contemporary individuals – they were created before these individuals and they now shape these individuals and socialize them.

This approach seems right to me, but I can also see its weaknesses. Szlachta writes about a conceivable state, "in which each individual would 'recover' the same pool of knowledge concerning eternal and unchangeable content that in no way gives in to the individuals' dispositions (...) and exceeds all conceivable particularisms" [Szlachta 2014, p. 47]. This I cannot agree with. Both because I do not accept the category of "eternal and unchangeable content" and because the social commoning of norms and knowledge can never result in a state in which some portion of these norms and knowledge would be common

to all individuals, even if it was only a local community. I am focusing my conceptual search on an approach that combines moderate relativization (ensuring individual autonomy and freedom) with social commonization (though never complete) of the resulting distinctive features. I reject social homogenization, but not the possibility of social cohesion.

The social world results from the actions of individuals who are usually unaware of the remote, long-term consequences of their actions or of their role as participants in the world. This is why individuals (as well as organizations) in the social environment act similarly, though not identically. They do not lose their identity or individuality, but adapt to the circumstances, which they do not intend to (and cannot) change. The fact that individuals have specific identities and act consciously does not yet mean that they behave as subjects. This would require them to deliberately and actually shape the conditions of their individual activity, at least to a significant degree.

Subjectivity and responsibility

The fact that individuals identify themselves and act consciously is sufficient to assume that they may bear responsibility for the consequences of their actions. They are able to recognize the content of their actions and predict their consequences. “To bear responsibility” here means “to be exposed to a negative assessment of one’s actions and the possible sanctions associated with these actions”. This is in fact a negative approach to responsibility – restrictive responsibility. It applies to every individual of legal age who is not declared incapacitated.

But responsibility can and should be understood more broadly – as a voluntary commitment based on the actual capacity to perform specific actions, i.e., the capacity to fulfil that commitment. Only responsibility understood and accepted in this way creates the subjectivity of an individual. The individual’s actions then constitute a conscious and voluntary effort to shape a particular section of the social world rather than being just reflexes or imposed obligations, and the individual is ready to bear the consequences of such actions. The subjectivity of an individual therefore means not only the ability to influence others, but also the ability to recognize and take responsibility for the indirect social consequences of exerting that influence. Responsibility is actually a result of voluntary commitment. Cause alone is insufficient; justification is also needed.

In Paul Ricoeur’s view, responsibility [1978] is not only the readiness to repair the damage caused by our actions (this is the definition that can be found in civil law) or to suffer the penalties for criminal actions (this is the definition employed in penal codes), but it is above all a response to the appeal of

what is weak. It manifests itself, among other things, in “narrative hospitality”, which consists in admitting other people’s stories into one’s own story. It is worth noting that these different dimensions of responsibility require and take place in different social space-times.

By linking subjectivity to responsibility, a conceptual sequence of freedom – subjectivity – responsibility can be created to associate and reconcile freedom with responsibility. This issue is addressed in the texts written by Claus Offe and Janina Filek. Offe [2014] reflects on the conditions for the occurrence of shared responsibility in the relationship between the state and its citizens. He stresses that, in the aftermath of the neoliberal revolution, states are withdrawing from the main areas of their previous responsibility, while at the same time more and more citizens are avoiding any form of political participation, and thus civic shared responsibility, which together leads to the disappearance of responsibility and weakens the democratic order. This reasoning presents responsibility as a relational category. Responsibility arises as a result of interaction – in the case discussed by Offe, this interaction takes place between the state and the citizens.

Janina Filek [2014] discusses the responsibility of collective entities, namely – global corporations. Considering the capabilities and social impact of corporations, the importance of this issue extends to the whole of humanity. It has been reflected by the concept of Corporate Social Responsibility (CSR). However, large companies reduce it to activities aimed at ensuring good public relations, instead of actually adopting selfimposed restrictions and commitments. This also signals that responsibility requires a particular type of subjective relationship and does not work without it. Therefore, there is no real responsibility without relational subjectivity. Subjectivity is also born from the sharing of responsibility.

Consequently, when we talk about responsibility, we need to determine who is responsible, for what and for whom they are responsible, and finally to whom they are responsible. But there is another important dimension of responsibility, namely how and with whom this responsibility is shared, because this is what ultimately matters for development in social terms. There is a certain psychological imbalance here: it is easy to shirk responsibility or reject it. This can be done immediately, simply by saying “Sorry, I’m not interested” and shrugging it off. But the opposite process, the process of entering into responsibility, accepting it, is complex and difficult. It starts with the recognition that something is important to me, that it concerns me, that I cannot ignore it. Next comes engagement: I have to take some action. And finally, the most important component of responsibility is born – commitment. Not compulsion, but commitment – only then is it really responsibility. We are talking about the process of accepting responsibility

because it cannot be imposed – it can only be accepted voluntarily. And so responsibility understood in this manner is an attribute of subjectivity. We must emphasize both responsibility for actions (and for failing to act) and for the consequences of actions (failing to act).

However, assuming responsibility requires the existence of certain social and institutional conditions. A distinction must be made between its individual and collective dimension. The former refers to wanting to accept responsibility, the latter to being able to accept it.

In this sense, responsibility is impossible without subjectivity understood as the willingness and ability to accept an obligation and fulfil it in relation to others. It is worth noting here that subjectivity understood in this way subjectifies others, as we are dealing with accepting and sharing responsibility – that is, with partnership, which subjectifies its participants.

Typology of social actors

Subjectivity also requires a necessary level of autonomy. Adapting the scheme proposed by Len Doyal and Ian Gough [1991, p. 63], we can assume that, in order to achieve this minimum level of autonomy, social actors must:

- have the intellectual capacity to formulate aims and beliefs common to a form of life,
- have enough confidence to want to act and thus to participate in a form of life,
- sometimes actually do so through consistently formulating aims and beliefs and communicating with others about them,
- perceive their actions as having been done by them and not someone else,
- be able to understand the empirical constraints on the success of their actions,
- be capable of taking responsibility for what they do.

According to Magali Orillard [1997], actors (individuals or groups) generally operate in situations that are complex and multifaceted in terms of their intentions, the availability of resources, and the operating conditions. When constructing a typology of the actors' rationalities, rather than characterize the situation, it is more important to characterize the actor – their definition of their goals and perception of the situation.

According to Orillard, substantive rationality is typical of *reactive actors*, who:

- do not operate with any overt ideas about their environment or other actors,
- do not preserve any memories from their stories,

- work on the principle of simple behavior,
- communicate with each other in a schematic manner [Orillard 1997, p. 61].

Reactive actors can enter into binary relationships with one another (called firstorder alliances) according to the principles they wish to defend, or they can join groups and relationships according to their chosen aims, the self-organizing informational structure of the game, and, possibly, their aversions [Orillard 1997, pp. 59–60]. Transferring this reasoning to the political level, reactive actors can be considered to typically exhibit a corporate identity. They organize themselves and take action in accordance to *ad hoc* and immediate material interests. In defense of these interests, they exert pressure on agents of economic power (managers, owners, the government, etc.) [Hausner 1992, p. 62].

In turn, procedural rationality characterizes cognitive actors, whose behavior is determined by:

- intentional procedures of communication,
- the actors' perceptions of other actors and their scope of competence,
- collaboration through coordination,
- conflict resolution using proposals, evaluations, and counterproposals [Orillard 1997, p. 62].

Actors of this kind consider perceived motivations, are able to look for solutions in a heuristic manner, and try to search for compromise. In the case of procedural rationality, the simple relationship between the need and behavior of the game's participants is replaced by a process of communication, trust-building, and cooperation, in which deliberation and reflection are constantly present [Sabel 1993, p. 92–93]. This creates second-order alliances (cognitive networks), which allow the participants of the game to make observations leading to a redefinition of the situation and to adapt their behavior to the changing (redefined) situation. The game stops being a zero-sum game and becomes an opensum game.

Orillard stresses that this is possible because the participants in cognitive networks use multiple semantic codes and, at the same time, communication nodes responsible for a supercoding procedure that enables communication between actors belonging to different semantic spaces are created within such networks.

Once again transposing our deliberations to the realm of politics, we can consider that cognitive actors gain political identification, i.e., are able to define the relationship between their interests and the functioning of the political system. Therefore, they are able to identify their political interests

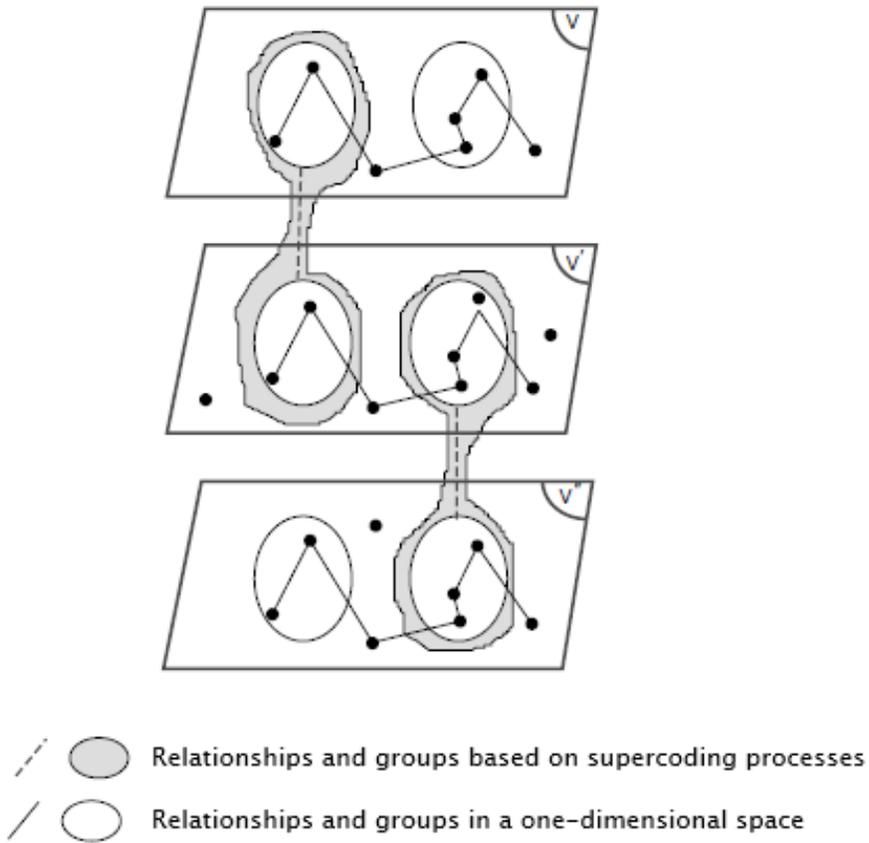


Figure 2. Cognitive network and self-organization. Source: Orillard 1997, p. 65.

with regard to policies protecting their material interests. They are also able to defend their political interests by influencing the agents of political power (parliament, president, government, political parties, local governments) [Hausner 1992, p. 62].

To the distinction popularized by Herbert Simon [1976] (substantive rationality versus procedural rationality) Orillard adds one more type of rationality – “comprehensive rationality”, which can be more precisely described as “recursive procedural rationality” [Amin, Hausner 1997]. In her opinion, it is characteristic of creative actors, who:

- reformulate problems,
- transition between reference systems,
- direct reflections according to different codes,

- “invent” new starting points,
- strategically modify perceptions of subjects,
- enter into alliances that may lead to the formation of alternative projects or groups,
- promote self-organization of multidimensional networks [Orillard 1997, p. 62].

Such actors, carrying out joint projects based on cognitive network self-organization, can use supercoding procedures to generate new projects and formulate rules of play at the meta level [Orillard 1997, p. 63]. Keeping to the convention proposed by Orillard, we can, therefore, speak of third-order alliances in this context. In the case of recursive rationality, a recursive loop is created between observation (observer) and participation (participant). The actors participate in the game, but, observing its course, they are also able to agree on changing its rules. They can, therefore, behave strategically and generate systemic alternatives. Creative actors organize themselves and cooperate with one another in ways that allow them to act strategically, in other words, to gain control over the apparatus of political power to implement their systemic project. Consequently, their actions reproduce the state [Hausner 1992, pp. 62–63].

Recursive rationality is an attribute of subjectivity. It allows social complexity to become not only observed but partly managed (partly – because this always happens to a limited extent). However, this is not an attribute that can be assigned to any particular subject that perceives the social world from a perfect, as if divine perspective (God’s-eye) [Fox, Miller 1995, p. 44]. Neither can the seat of such rationality be found in the state [Stark, Bruszt 1998, p. 42], nor is it carried by any revolutionary social class or outstanding individuals, as the proponents of various political doctrines believe with persistence devoid of historical reflection. Recursive rationality appears as a result of the development (evolution) of coordination networks created by cognitive actors. The reproduction of the social system becomes at the same time its creation in response to structural challenges and threats.

Figure 3 summarizes my analysis concerning the rationalities of the various types of actors and their influence on the social reality.

In this approach, subjectivity is not only a category describing the actors’ behavior determined by their knowledge and identification, but also a dimension of social communication leading to the dissemination of knowledge, its accumulation, and a change of identity resulting from the coordination of

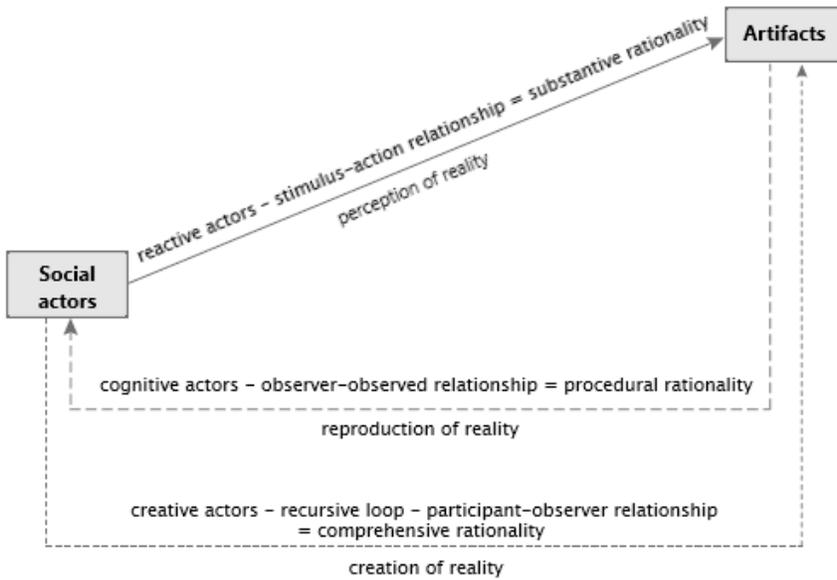


Figure 3. Typology of subjects and social reality. Source: own work.

different actors' activities. The category of subjectivity, understood in relational and evolutionary terms, is also helpful in explaining the process through which groups, organizations, institutions, and social orders form and dissolve; therefore, it is indispensable in explaining the evolution of social entities. It allows, among other things, to explain why this kind of evolution is neither programmed and constructed nor completely unplanned and spontaneous.

Most often we interpret subjectivity as freedom of action – the subject takes action consciously and according to a rational calculation. Such an understanding of subjectivity, i.e., equating it with action, seems to me to be an extreme oversimplification that would attribute every single social entity with subjectivity. As a result, subjectivity would become trivialized, synonymous with being guided by one's own will. And this can be said of basically anyone.

In order to speak of subjectivity, we must be able to attribute a certain social power to the individual's actions, the power to exert conscious and actual influence on their social environment, at least to such an extent that it has an impact on the individual's operating conditions. The individual is not only able to and does act in a given situation, but they can also, intentionally and permanently, change it – at least to some extent. The subject's activity is not only self-adaptive and self-focused; it is actually strategic because it is oriented inter-actively and leads to the modification of a specific segment of the social world.

Only intentional actions that result from assessing the situation rather than being merely responses to specific stimuli can be considered subjective. The subject takes action to solve some specific problem that comes to their attention. In a given situation, they act to achieve a goal that is clearly related to that situation. A schematic list of the basic features of reactions of this type could look somewhat like this:

1. The subject wishes to keep what is because it has been – they believe that they do not need to take active measures; rationalizing the situation, they come to the conclusion that it does not pose a problem for them. The direction of their reaction is from within to within,
2. The subject wishes to adapt to the situation – they believe that they should somehow change their behavior in order to avoid a risk or gain an additional benefit. The direction of their reaction is from without to within,
3. The subject wishes to change the conditions affecting their activity and to this end they influence their environment. The direction of their reaction is from within to without,
4. The subject aims to change the rules of activity in the area of their interest; to this end, they communicate and cooperate with other subjects. They must, therefore, go outside to change what remains outside.

We do not live in a world that nobody wants to change – a world perfectly preserved. In fact, there are always various actors wanting to improve it. The problem is that their influences tend to neutralize and negate each other because every change brings uncertainty and risk. By nature, we are more inclined to avoid risk than to seek greater benefits. The social world is far from perfect, but, rather than change it, most of its participants prefer to seek ways to achieve more benefits from the same familiar game. Notwithstanding, the world does not stand still; it changes as a result of many factors. Actors are forced to adapt to changes over which they have little control.

Pareto efficiency describes the fiction of the social world in perfect equilibrium, which no one has reason to change. It can be assumed that, in such a world, subjectivity would be superfluous, or even that it might pose a threat to this world. But the actual social world is not a deviation from an equilibrium that can be restored by someone (a super-subject) or something (a perfect market). It is always in a state of some imbalance, and the practical task of the subjects is, on the one hand, to prevent the occurrence of extreme imbalances that would threaten social existence and, on the other, to guide changes in an appropriate manner.

In order to influence the occurring changes, the actors have to “strike out for subjectivity”. This involves not only consciously seeking to bring about certain changes, but also being able to use the key resources appropriate to the situation. And in order to have such resources at their disposal, the actors must be able to produce or acquire them.

Subjectivity and the social space of cognition

Subjectivity should be attributed only to those actors who have the capacity to cocreate and constitute social space-time. Those who do not change (do not develop) become objects in this space.

Relating subjectivity to a specific social space (e.g., the market) makes it possible to understand the fact that subjectivity has a relational nature. It does not result from closedness and self-focus, but from openness and interdependence. Subjects are to some extent autonomous and self-referential, but at the same time they must be able to interact and go beyond their monadic natures into the social and co-shaped space. This allows them to cocreate the context of their actions and, consequently, adapt and change. In order to achieve their goals, they do not have to (and cannot) resort only to authoritative actions—hard and based on compulsion. They can (and must) also employ non-authoritative, soft actions, based on dialogue and persuasion.

Karl Marx [1964] emphasized that in order for an actor not to become an object, they must reject their self-reification, overcome their own self-objectification. This is a sign of a positive negation, required to give meaning to individual autonomy and existence. And this implies some kind of communalization, transcendence of one's alienation, which leads to the replacement of self-knowledge as a cognitive act with communalized knowledge, which is a generative process.

For Marx, the mirror is the community. In contrast, Hegel [1830] believed that the subjectification of the individual takes place within the individual, in their constant inner selfcognitive oscillation between the specificphysical and the absolutespiritual. For him, subjectification is the process of absolute self-cognition, leading the individual from the world of the concrete to the world of the absolute, to the pure idea; from self-reification to divinity. For him, man is self-made in the course of “divine dialectics”: the negation of the negation of reality and abstraction. Reality is imperfect. It sublimates itself through abstraction, which endows it with spirituality. Spirit is the absolute that makes the reified individual a free man. For me, the individual is humanized by communal participation in the production of good. For him, the human objects/subject is selfeffectuating; for me – it is constantly becoming

through the social process of coproducing values. For him, cognition is absolute self-cognition; for me – it is shared action and perception. For him, real movement is a movement of individual self-cognitive thought; for me – it is a movement of shared production activities, in which becoming and cognition permeate each other.

I see the key to overcoming the monadic concept of the subject in the assumption that the subject's existence is determined by time which is understood not transcendentally and absolutely, but socially and relationally. Only then can we adopt a dynamic concept of the subject that exists because it becomes. A social entity is an entity because it becomes, not because it is. It is what it becomes.

In this respect, it is not enough to simply adopt a dualistic concept of the subject “as I and non-I”. This kind of oppositional dialectic further boxes our thinking in the Hegelian scheme. It can be called a synthesizing dialectic, but it would be probably more accurate to describe it as schematic – recursive, symmetrical, synchronic, and in a way deterministic. Subjectivity in this approach is a consequence of a specific feedback between identity and non-identity, self-knowledge and self-ignorance, which drive each other in a closed circle and in time that is always present. This dialectic describes movement, but only back and forth.

A relational interpretation of subjectivity can be found in the works of Paul Ricoeur [1978]. He writes: “In the same way that speaking, acting, and narrating reveals a dialogical structure, so the ethical and moral evaluation of our actions and of ourselves as the perpetrators of our actions involves a remarkable interdependence between ourselves and others. I cannot express my appreciation of myself without attributing to another the same ability to value themselves as a person capable of something” [Ricoeur 1978, pp. 42–43]. According to Ricoeur: “Another, counting on me, makes me responsible (*comptable*) for my actions” [p. 47]. In order for the subject to become capable of defining themselves as responsible for their thoughts and actions, continuous mediation of social and political institutions is required [pp. 43–44].

The relationship between different social actors is most often considered in the scheme: dependence – independence, but subjectivity is conditioned by interdependence. It stems from the understanding that we can do more by entering into partnerships than by striving to subjugate our environment and deprive its actors of their autonomy. Subjectivity results from cooperation and is a derivative of the capacity for partnership. Subjects can draw strength and resources from this. Thus, partnership generates developmental resources.

Of course, subjects may not necessarily wish to cooperate, or even to coexist. They may fight to dominate or absorb one another. However, if

they cooperate (whether out of conviction or compulsion), they expand the space in which this cooperation takes place and thus increase the cooperation's potential.

Subjectivity sets a separate perspective on the social world. In this case, learning about the world is a form of social existence and co-creation of this world. This, I believe, also applies to the subjects, whose mission is to learn about the world scientifically and who, in order to learn about the world, must formulate theories that constitute specific examples of (subjective) cognitive perspectives. This could also be exemplified by the feminist movement, which presents the social world in a specific way but also shapes it at the same time.

And in this sense, learning about the social world is an act of communication, of entering into dialogue. Such an act is also the process of reaching oneself by referring to others. Otherness is then not only a denial, a rejection, something separate and closed. It becomes to some extent part of what is common and connecting. Therefore, we can only approach and know otherness by communicating with it and starting a dialogue with it. The alternative is to only negate and reject it. If we associate subjectivity with adopting one's own specific cognitive perspective, it also means that we recognize that cognition of social reality is possible through different cognitive perspectives. Subjects can learn about and shape social reality even though they have different cognitive perspectives (different points of view), and this does not prevent them from reaching agreement or cooperating. On the contrary, in the case of some socially fundamental issues, such agreement and cooperation is a prerequisite. And importantly, such agreement and cooperation is not meant to blur the boundaries of one's own individuality, to make subjectivity disappear, or allow some uniform point, some single ultimate truth to be arrived at. By understanding subjectivity in this way, we can approach social order in a discursive and heuristic fashion.

Cooperation between different subjects, which starts with dialogue, obviously implies that knowledge and its generation is shared to some extent, but it does not lead to the disappearance of one's own cognitive perspective – at most, it modifies this perspective. The existence of society is not conditioned by uniformity of thinking. On the contrary, it is formed by the combination of many perspectives and their partial overlap through the co-presence of different actors in a common field of meaning in which the process of interpretation is constantly taking place. One can try to describe this process as the “objectivization” of social knowledge. However, such “objectivization” continues to be subjectively reinterpreted. Social knowledge generated in this way may be considered “true”, but it is never permanent or definitive. Revealing

some part of the truth obscures another. There is no full truth, no complete truth, no absolute truth. Truth – in relation to social reality – is partial and particular because of its social grounding and justification (more on this in Chapter V).

The existence of a society, or any community, is not based on the fact that all its participants share common and unified knowledge and adopt the same cognitive perspective, making up a collective intelligence. At the same time, a society is not pure abstraction. It is a real social entity, though it is not a subject. Nor is it constituted by some common goal. So what we mean when using the expression “social purpose” is what a particular social actor considers to be such a purpose. Thus, a society is an aggregate, a social system resulting from the co-occurrence of different kinds of actors within a common space that can be marked, but never unambiguously – it exists in the sense that it is a common space in which different entities can emerge and constitute themselves.

Subjectivity is, therefore, necessary to explain how cognition of the social world also implies its co-creation. And this happens through subjects who, learning about the social world, change themselves and influence changes in their environment.

Subjectivity and cultural identity

Subjects are also constituted by their cultural distinctiveness. Andrzej Bukowski lists the following elements (components) of this distinctiveness:

1. Cultural competencies – the dispositions of individuals, developed within a given group, to perceive, classify, and valorize events in the surrounding world. These dispositions are tailored to the group’s values and norms and to broader systems of legitimization,
2. The axionormative sphere – socially produced norms and values regulating the rules for interacting and distributing socially desired resources (tangible and intangible, e.g., status-related) in a given group,
3. The identity and legitimization sphere – ideological and symbolic justification of a given community’s cohesion, historical continuity, and social separateness, which at the same time legitimizes the axionormative sphere, supported by the cultural competencies of the group’s members and giving meaning to the specificity of these cultural competencies [Bukowski 2013, p. 5–6].

The relationships between these components of the subject’s cultural distinctiveness have been graphically presented by Bukowski in the following manner:

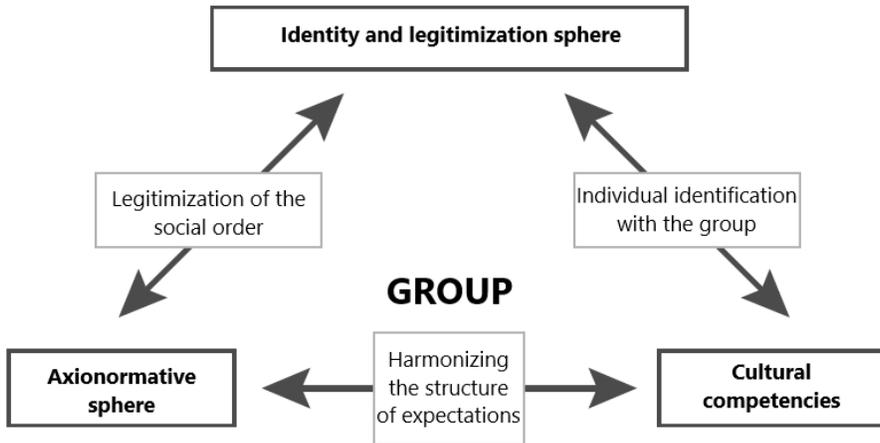


Figure 4. Cultural processes of reproducing a group as a whole. Source: Bukowski 2013, p. 6.

What I find debatable is not the concept itself, but its interpretation, as the author essentially relates it to the reproduction of the social system; for my part, I want to use it to explain social change as well. The same goes for the broader concept of culture, which is not only a dimension of duration, but rather of social transformation – this approach allows it to be incorporated into a dynamic, processoriented understanding of subjectivity.

In fact, Bukowski recognizes and accepts such an implication, since a little further on in his interesting argument he emphasizes that in each of the distinguished three dimensions of the collective subject's cultural distinctiveness we are dealing with phenomena of power, coercion, violence, rivalry, and conflict, as groups and collectives clash against each other in each of these dimensions and between them: to impose their own cultural competencies as binding, to introduce their own norms and values as binding, and to maintain their own identity, threatened by the pressure from the other groups [Bukowski 2013, p. 7].

The social rivalry described in this way and the associated tensions cannot only confirm the social structure – they inevitably lead to its transformation. They, therefore, have developmental power, but it is revealed through dynamically understood subjectivity. Those collective social actors who are deprived of this power will naturally be oriented primarily towards maintaining and strengthening their identity in the inevitable cultural clash. They will, therefore, interpret their identity in isolationist terms.

Only subjectivity can enable them to be open to dialogue and cultural rivalry, from which they need not emerge as losers, because such rivalry does not destroy, but promotes development. It becomes a source of social innovation. Only subjectivity can enable them to extract and utilize their existing resources and advantages and simultaneously develop them in a creative manner, while maintaining their cultural distinctiveness. In turn, lack of subjectivity would weaken them and lead to their marginalization; self-isolation can stop this process, but not reverse it.

Unlike competition for limited material resources, cultural rivalry is never a zero-sum game. It may of course result in a loss, but without it there is no way to stay on the path of development.

Subjectivity enables and justifies transformation, as it is required for the costs associated with adapting to the changing circumstances to yield tangible benefits. Subjectivity is beneficial interdependence. Disappearance of subjectivity, understood as dependence, means that adaptation cannot result in lasting benefits. It is a struggle that may at best enable perseverance, but not growth. And no community can bear such an effort for long. It is a Sisyphean task. If nothing depends on us, then there is no point in making the effort. It is better to adapt and submit, if only to be safe and avoid unnecessary risks. What ultimately remains is to collectively cultivate a victim mentality – either through moral reassurance or collective reopening of old wounds – while hoping and waiting for a change of fate.

Subjectivity and the complexity of social reality

The presence of many different subjectified actors in a given social system makes it more complex and multifunctional. As a result, social processes, including evolution, progress differently and are not subject to direct regulation or control. Consequently, subjects gain more freedom of action, but only provided that they accept interdependence and allow the domain of their power to be limited.

The complexity of the social world, which is systematically deepening, is a cognitive and operational challenge for all subjects. In general, they try to cope with this by attempting to simplify the situation. The main tool meant to serve this end is the hierarchization of social life, reducing the number and types of subjects. Only the strongest subjects can afford to do so. Today, these practically include only the strongest autocracies. One of the variants of this response is the formation of an entity of a higher order – a meta-government. In my view, such a solution is doomed to fail in modern societies, and the complexity of the social world cannot be controlled in this fashion.

Another type of response is to strive for adopting additional rules regulating the cooperation between different subjects – institutionalization of the social world. Enabling the coordination of collective action by expanding regulation is currently the most common way of dealing with complexity. However, the degree of its effectiveness is relative at best as clearly evidenced by the current problems of the European Union. Generally speaking, this method can be described as governance (co-governance) as opposed to a hierarchical and unitary government. The mechanisms of governance are constantly being developed and complicated. Examples from the EU's experience include the open method of coordination and multilevel governance. While recognizing the significant advantages of governance, I think it naïve to believe that it is a sufficient and effective response to the problems of the increasingly complex social world of today.

Still, there is another way to respond. Namely, the cooperation of subjects that consists in redefining the situation on the basis of a community of values, which is meant to lead not so much to a proliferation of rules, but to a partial replacement of existing rules with new ones, more appropriate to the current reality. This implies a fundamental developmental social change. As a result, the world does not become less complex or more regulated, but nevertheless becomes a different world because the identity of the key subjects changes. By redefining the situation, these subjects begin to act and cooperate in a different fashion.

I would not automatically write off the first two mechanisms (methods, modes) of dealing with complexity as invalid. However, I would emphasize their limited usefulness in modern times. They can still be effectively employed to tackle many issues. However, when the functioning of the social system is disrupted as seriously as it is at present (due to the global economic crisis, which is *de facto* a crisis of the current form of capitalism), the usefulness of these two mechanisms becomes negligible. They are inadequate – either because they are impossible to apply, or because they at best enable palliative action that can mitigate the crisis, but not overcome it. Whereas I see a chance for overcoming the crisis in the activation of the third type of mechanism, which is associated with modal thinking.

Over time, all social systems exhibit dysfunctional tendencies. Without correction (reform) they collapse and disintegrate; in order to survive, they have to change and evolve. Systems that are hierarchical, *i.e.*, established and controlled from above through force of power, have a limited capacity for transformation. Therefore, they can endure for a long time, but eventually they collapse and implode or are taken over by larger and stronger systems. Their ability to transform should not be written off completely, but such

transformation requires them to become more democratic and loosen their hierarchical structure, which is tantamount to systemic change. Only then can they expand the space for their further evolutionary transformation.

Systemic change does not have to be evolutionary in nature. It can be imposed imperatively. However, if the system is consequently maintained and managed in an imperative (hierarchical) fashion, then it will be difficult to introduce further changes, even imperative ones because the system will ossify. Its next imperative change will be its dismantling. This path of transformation is costly, if even possible. And it will also result in failure when a crisis affects all centers of power capable of imposing an imperative order.

Therefore, changing the system in an evolutionary manner appears to be the most favorable course of action – the more often the system has proven its capacity to adapt to variable environmental conditions and its sufficient institutional flexibility, the more likely it is to succeed. Institutional flexibility is, among other things, a function of the system's openness to engaging in relationships and interactions with other systems. Success is more likely if the path of the system's development already features evolutionary experiences and developmental institutional changes.

Such a path is made possible by allowing social experimentation. And the latter is only possible if the system includes many different subjects trying in their own way to solve the problems they encounter. In this way, an institutional transition takes place.

By rejecting the concept of subjectivity, we reduce the options of dealing with complex social reality to two courses of action. The first is to impose a hierarchical order on reality and reduce subjectivity; in its extreme form this leads to a single, monocentric seat of power – this is the path taken by totalitarian systems and omnipotent states. The second path is that of anarchic chaos from which order is supposed to emerge spontaneously – this is the vision of the perfect market. Those who both reject the first possibility (because they consider it either unattainable or unfavorable) and refuse to accept the concept of subjectivity place themselves among those who trust in chaos creating order spontaneously, whether they like it or not.

Diversity and multiplicity of subjects implies multiplicity and diversity of social relations. Thus, society is a complex entity that cannot be controlled from a single point using simple devices. It also means that development cannot be programmed. At most, it can be directed. Programming development, including central economic planning, in practice means reducing subjectivity and leads – as history shows – to stagnation.

Therefore, if we do not explicitly attribute subjectivity to society, yet consider it to be a form of social entity, then the actual occurrence of this form

of social entity results from the existence of various social subjects within the macro-economic entity that we call society. And in this sense, we can speak of local societies (communities), national societies (civic nations), as well as (potentially) a global society, but only to the extent that a community defined in this way results from the activity of specific subjects that animate it. Hence, municipalities and counties animate the local communities, states animate their civil societies, and global international organizations and NGOs animate that which can be considered a foretaste of a future global society.

I do not mean to say that an absence of hierarchical structures ensures subjectivity or that the existence of such structures eliminates subjectivity. I only maintain that this effect is indeed caused by hierarchies that control societies in a totalitarian fashion. Hierarchies may actually encourage the emergence of certain forms of communality, but this does not automatically imply their subjectification. The latter results from other things, e.g., from spontaneous interactions between the participants of different communities and the formation of “public” space – common to different individuals and groups. And these are easier to achieve in societies that are not totally hierarchical.

Conclusion. Subjectivity and social becoming

A subject exists not only through the way it operates, but also through what it has at its disposal and how it is able to operate (even if it does not realize its potential). It is also important how a subject transforms and whether it can determine the trajectory of its development. The existence of a subject manifests itself simultaneously in several dimensions: 1) relationship with the environment; 2) potential for action; 3) mode of functioning; 4) trajectory of development – transformation. All these dimensions intermingle and interact.

Being a subject is something that keeps becoming, rather than happens or is achieved; it is a process rather than a state. This process stretches between: 1) the internal and the external; 2) the static and the dynamic; 3) the passive and the active; 4) the synchronic and the diachronic; 5) the temporal and the spatial; 6) the object-oriented and the modal. If subjectivity is not continuously becoming, it disappears. This can be described by the following conceptual sequence: I am = we are; we are = I become; I become = I am responsible; I am responsible = I expand “we are”; I expand “we are” = I am because I am changing. A relational approach to subjectivity precludes the absolutization of the subject. The subject is not a constant, it is a transformation – a movement.

Subjectivity should be defined as an activity leading to becoming a subject, and not as a static identity of being a subject. The proposed approach to subjectivity is processoriented and interactive as such, it avoids the two key

pitfalls of the social sciences. It excludes a mechanistic and deterministic interpretation of the social world, but also the position of social constructivism, which many social researchers associate with the notion of the subject, especially if we admit the existence of a collective subject.

Another advantage of this approach is that it demonstrates how we can deal with the complexity of the social world without resorting to a hierarchical reduction of its participants' diversity. It is precisely this understanding of subjectivity that is the institutional basis for voluntary network coordination – a heterarchy, as an alternative to imposed hierarchy and forced anarchy.

Institutional changes are possible provided that the system shows sufficient internal differentiation, i.e., features many different subjects with various competencies and resources. These subjects have autonomy of action and present different cognitive perspectives. It is their activity and creativity – especially if they are willing to cooperate – that is the social source and mechanism of institutional evolution, since they are able, in various configurations, to trigger modal thinking and arrive at satisfactory solutions to crises that cannot be managed with previously known and used methods. Their responses to complex problems are socially complex, result from dynamic combination of different cognitive perspectives and resources, and are systemically formative. Paradoxically, those components of the system that do not reinforce it, or even those that contribute to its segmental dysfunctionality, may prove crucial in overcoming its crisis and ensuring its dynamic continuity. The system's internal diversity and differentiation prove to be beneficial not in terms of current effectiveness, but in terms of developmental adaptability – these features will be useful when a difficult situation arrives and conditions change.

Another important consequence of the proposed approach to subjectivity is the rejection of the “rational choice theory”. This theory – which I reject – is intended to explain why the social world (or at least the economy) remains in balance and, when unbalanced by extraordinary events, heads towards it. This is explained by rationally acting individuals (the concept of rational man) making essentially rational choices, while those making irrational choices lose the competition and are eliminated from the game.

In turn, approaching subjectivity in process-oriented and interactive terms is intended to explain why the social world keeps constantly transforming without losing its continuity and why this continuity is destroyed if the social system fails to change and adapt. Its adaptive capacity depends on the multiplicity of subjects and the continuous becoming of subjectivity. The disappearance of these features leads to the decomposition of the social system.

At the same time, subjectivity is a bridging (relational) category between action and social order – it is an imposition of a framework on action. This allows us to include contingency between action and social order.

Another important conclusion from the deliberations above is associated with the issue of social knowledge as a condition of subjectivity. Subjectivity is gained, on the one hand, by utilizing social knowledge and, on the other, by generating this knowledge. The becoming of subjectivity results from, among other things, the expansion and sharing of social knowledge. Actors unable to produce knowledge are also unable to use it because in this case to use means to process, and thus – to self-transform.

The proposed approach to subjectivity also recognizes the existence of many different cognitive perspectives in the social world, but at the same time does not exclude their generalization or the commonization of axiological planes. Consequently, we are not forced to choose between the positions of Plato and Protagoras. We can combine them, taking advantage of their merits and avoiding their intellectual pitfalls: that of extreme epistemic and moral relativism on the one hand and that of absolutism on the other.

This allows us to assume, as Karl Popper did [1994], that every cognitive perspective is a kind of “intellectual prison” which both localizes and limits us. And, at the same time, we can assume that we can cross the virtual boundaries of such prisons not through rational research (as Popper and the positivists would suggest) but by entering into discourse with other subjects and accepting the resulting conclusions. The proposed approach to subjectivity implies the co-presence of others.

The concept of subjectivity makes it clear that being opposed to one rule does not automatically entail opting for a world without rules; instead we can follow a set of rules that is gradually reinterpreted and modified. This can be illustrated by the following formula: subjectivity = to want (to know, what for) + to be able (to have the ability to act and appropriate instruments) + to not have to (to influence the rules and the way they are modified).

However, we do not have to and should not absolutize any element of the social order; this also includes subjectivity, which is conditioned and limited by the subjectivity of others.

CHAPTER V

MODALITY AND SOCIAL CHANGE

Introduction. Three ways of perceiving social reality

Social reality (social world) has an elaborate and complex structure comprising many elements. This structure continues to change with the gradual appearance of new components and forms of relationships between them. It is therefore both complex and evolving. To facilitate the description of social orders, I propose to distinguish their three basic levels (dimensions): 1) molecular, 2) systemic (molar), and 3) modal.

The molecular dimension does not pertain to individuals alone, but also to other microforms of social life, such as households, communities, or professional groups. It is not about the number of units participating in these forms, but about their degree of organization. “Molecular” does not mean individual and atomic, but loosely structured though complex. This level of social reality is its microcosm, and features all kinds of social ties that do not have a permanent organizational form – if it exists, it is malleable.

The molar dimension of social orders includes social systems, i.e., permanently organized forms of social ties. Finally, the modal dimension is the communicative space of relationships between social systems.

There are dynamic interactions that occur between these three dimensions of social reality. Its molecular forms can transform into organizations and become systemic. The disintegration of social systems entails the emergence of molecular forms. Interactions between social systems generate the modal level and various forms of intersystemic communication. In turn, these forms influence the functioning of social systems, their reproduction and transformation, including in some cases their disintegration.

Social entities can be seen as: 1) objects, 2) systems, and 3) modality. How they are perceived does not depend solely on the specific fragment of social reality, but essentially on how we understand and fulfil our role as the perceiving entity. The question is whether the perceiving subject is an observer or a participant in relation to the particular social entity, or whether there are overlaps between the two perspectives, and the subject becomes, under certain conditions, an observer-participant. This is illustrated in Table 1.

Table 1. Ways of perceiving social reality

Object (objective dimension of influence)	System (subjective dimension of influence)	Modality (discursive dimension of influence)
<p>Parametric adjustment in order to achieve a specific state.</p> <p>Stimulus-response ratio-nality.</p> <p>Measures: mandate – prohi-bition.</p> <p>Assuming the position of an observer/experimenter.</p> <p>Analytical thinking is in fact object-oriented. We look at the components of some-thing larger and then put them together. We therefore assume the components' summability in relation to the whole.</p>	<p>Institutionalized regulation.</p> <p>Goal: stabilization.</p> <p>Measures: mandatory norms – prohibitory norms.</p> <p>Rules determining the be-havior of individuals and influencing the results of the social game.</p> <p>Systemic thinking is of a different nature than analyti-cal thinking. We learn about the whole not by breaking it down into its constituent parts, but by grasping the mechanisms that deter-mine the relationships and interactions between the components, which, by na-ture, create a new quality, an organized complexity that we cannot comprehend by analyzing its components. This cannot be done without participation.</p>	<p>The space of axionormative discourse.</p> <p>Various subjects and various cognitive perspectives.</p> <p>Goal: institutional change.</p> <p>Measure: agreement on norms.</p> <p>Positioned between observa-tion and participation.</p>

Source: Own analysis.

A modality can be defined as a field of discursivity. It generates collective reflection and intelligence. A modality is a social space in which social systems exist and emerge. It is not a space of harmony and agreement, but of discourse – one that makes its participants aware of the areas of agreement and difference, sets out the possible directions of action, and establishes the rules for their acceptance and initiation. This makes social change possible. Modality does not abolish the autonomy of systems, but defines their interdependence. Thus, it is not an overarching system, but a space for intersystemic communication; it is not a new whole but a framework of variables, in which systems as wholes move and change. It constitutes an adaptive space for social systems that regulates their behavior.

It is the discourse between systems that determines the temporal and spatial limits of their modality. Otherwise, a modality cannot be constituted, and systems cannot last because they cannot transform (develop). The boundaries of a modality are not rigid or permanent. On the contrary, they are constantly being (re)defined as a result of social interaction. Thus, a modality is not a functional matrix, similar to the one used by Talcott Parsons [1951] to present his theory of social change. Rather than perpetuating the tendencies of social development, it allows them to adapt to the changing circumstances. At the same time it segments (fragments) social reality. Thus, there is no one general modality in social life, but there are many coexisting modalities specific for the particular types of social systems.

The fact that a fragment of social reality is presented in a certain way does not mean that it is not possible or reasonable to present it in a different way. How we perceive a social entity is determined not only by its nature but also by the cognitive role that we play in relation to this entity and the purpose of our perception. It is clear to me that social entities exist objectively, outside our individual and collective cognition, but at the same time our cognition forms them. Social entities are perceived as they are, and, simultaneously, they are as they are perceived.

Modality, knowledge, and social change

Generating and managing knowledge has fundamental significance for the process of systemic change. The system's participants need knowledge to recognize the nature and identify the causes of the crisis facing the system, to develop a plan for remedial actions with other actors, and to implement this plan by activating appropriate resources and introducing specific organizational and legal solutions.

The essence of knowledge is a fundamental issue of philosophy, one that has been and will always be a subject of debate. Jadwiga Staniszkis [2006, p. 91] reminds us that, since the formulation of the nominalist approach in the 14th century, “inference refers to concepts and not to beings. This entails a radical separation of the world of ideas from the world of things and leads to the relativization of ‘philosophical truth’. Truth began to be related to the initial assumptions of inference rather than reality. Thus, a multiplicity of truths was allowed, undermining the previous sense of certainty. Since then, attempts have been made to reunite the world of ideas and the world of being in various ways, but to achieve this completely is impossible.” Staniszkis emphasized that many contemporary thinkers (such as Derrida) go even further because they “reject, or at least undermine, the usefulness of bivalent logic, whose basic category is difference. They try to replace it with many-valued logic, where meaning depends on context and does not exist outside eternal movement. In bivalent logic, conflict means contradiction and implies the pursuit of exclusion. In manyvalued logic, it means an antinomy that defines the field of the possible. In this logic, the only constant is the principle of oscillation and alternation within the field determined by the antinomic structure of multiple possibilities. Those thinking in accordance with the canons of bivalent logic find it difficult to understand and accept a networked, multi-layered system of regulation. For them, order (and power) in which only movement is constant becomes chaos” [Staniszkis 2006, p. 125].

Scientific cognition is, therefore, conceptual cognition. This means that what we learn is originally perceived as a concept, and thus we give it an existential form. This consequently determines our instruments of cognition (the study of social reality). If our conceptual approach to what we learn is different (we view it from a different cognitive perspective), then our operational (cognitive) approach will be different as well.

In the context of relationships between perception and social entities, I think there are three approaches that are both possible and worth considering: 1) social entities are perceived as they are; 2) social entities are as they are perceived; 3) social entities are formed as they are perceived and change accordingly.

I assume here that the rules of cognition with regard to entities other than social entities are different. However, non-social entities are also given a specific form when perceived by the cognizing subject. This has been pointed out by Ludwig von Bertalanffy, among others: “Physics itself tells us that there are no ultimate entities such as corpuscles or waves existing independently of the observer” [Bertalanffy 1975, p. 167].

The same problem can be posed in a different way, trying to answer the question of what is our point in understanding social entities. One of the possible answers comes down to the fact that we aim to capture certain partial dependences as precisely as possible and present them as regularities. Then we attempt to make the language used to describe the social world as precise as we can so that it approximates as closely as possible the language and apparatus of exact sciences, preferably mathematics. Some are even inclined to believe that the world in general has an exact, mathematical nature and can be holistically approached with a single mathematicized theory. This, according to Bertalanffy, would mean that: “the world (i.e., the total of all observable phenomena) shows a structural uniformity, manifesting itself by isomorphic traces of order in its different levels or realms. Reality, in the modern conception, appears as a tremendous hierarchical order of organized entities, leading, in a superposition of many levels, from physical and chemical to biological and sociological systems. Unity of Science is granted, not by a utopian reduction of all sciences to physics and chemistry, but by the structural uniformities of the different levels of reality” [Bertalanffy 1972, p. 87]. Bertalanffy himself is more cautious and believes that the occurrence of general structural isomorphisms at different levels of reality can be reconciled with the recognition that these levels are autonomous and governed by their own specific laws.

The two approaches outlined above, emphasizing (at least relative) exactness of cognition, do not provide a direct answer to the fundamental question: does the world have a mathematical nature, or do we perceive it as such in order to understand it? The problem does not go away even if we consider – after Bertalanffy – that “all ‘laws of nature’ have a statistical character. They do not predict an inexorably determined future but probabilities which, depending on the nature of events and on the laws available, may approach certainty or else remain far below it” [Bertalanffy 1972, p. 113–114]. Still, we need to answer the question whether probability is an objective feature of the reality being cognized or a subjective feature of the way in which it is perceived.

In my view, the essence of cognition in the social sciences is not that, by deepening our knowledge, we correct simplifications and gradually approach the conceptual reflection and mastery of the knowledge about the world. Rather, it consists in putting forward a new approach, one that better explains certain regularities of the world that continues to change and evolve. Cognition does not offer a factual representation of the external world, nor does it provide us with its mathematical formula. When we cognize the world, we use symbols, but we are their co-creators – they are not simply given to us or

discovered. The relationships we study are objective in nature, but the theoretical concepts we use to study them grant them specific forms in a subjective manner. The social world is a specific unity, but because it can be and is variously interpreted, it is constantly changing in ways that cannot be predicted or programed in advance.

Undoubtedly there is some genetically defined logic structure, common to all human beings, that conditions cognition and communication. Being a product of biological evolution, this structure is also a permanent component of human biological equipment. However, this in itself does not yet imply that the world, especially the social world, is perceived and appreciated in the same way by all, because our knowledge is socially conditioned and shaped, and thus resultant. It is, therefore, neither universal nor necessary.

The most important of Bertalanffy's views on the nature of human cognition is that, even in relation to physical objects, he assumes that our cognition projects a certain form on these objects. This allows us to grasp certain aspects of physical reality, but our knowledge is consequently limited and relative. And in this sense human cognition is always an interpretation, even when it concerns the physical world.

Zdzisław Augustynek aptly expressed the same sentiment: "No single physical theory examines all the physical properties of systems of a given type. Each focuses solely on a specific collection of these properties that differs to some degree from those examined by other theories, thus disregarding other properties. This forces us to use the concept of a physical system within the context of a particular theory; this system is represented only by those properties that are taken into account by a given theory" [Augustynek 1964, p. 138].

The same applies to learning about the social world. It is always an act of interpretation, and thus depends on the observer. But in the case of the social world, certain forms of cognition (thinking) also create the world in question. In social sciences, it is not easy to separate knowledge that refers to a pre-existing object of cognition (social entity) from knowledge that co-creates this object of cognition (social entity).

James G. March and Johan P. Olsen point to a slightly different aspect of cognition of social entities, when they state that "the process that is postulated for coming to believe that something exists or is true is not fundamentally different from the process for coming to believe that something is desirable" [March, Olsen 1989, p. 41].

In the case of cognizing social entities, contraposing what is objective against what is subjective has no justification. There likewise no validity behind contraposing the discursive against the material, a distinction that resembles – on epistemological grounds – Marx's ontological contraposition of the

base and the superstructure. Social knowledge cannot be divided into knowledge that is applied discursively and knowledge that is applied in a material/technical fashion. This Habermasian scheme is too simplistic.

March and Olsen [1989, p. 166] recognize that social change includes a broad spectrum of transformations: from minute changes pertaining to everyday life to rarer profound metamorphoses representing turning points of history, when value systems and institutions falter which usually leads the society to becoming more aware of the importance of values, concepts, beliefs, and institutions that determine social life. Social change in such a broad sense could be, on the one hand, incremental, partial, and adaptive, taking place on a microscale or even oscillating; on the other hand, it could concern the emergence of new socioeconomic formations, i.e., it could be systemic, macrosocial, and irreversible.

I think March and Olsen's approach is too capacious. In my view, a transformation must relate to the social system to be considered a social change. Most adaptive processes consist in selecting between known alternatives or employing the already available knowledge. Otherwise, new options and new areas of knowledge must be sought. That is to say, some changes pertaining to social systems are adaptive and take place within the confines of these systems, while others run deeper and transform these systems in ways that involve changes to their institutional setup. The latter, however, require new and specific knowledge to be generated.

Social change is always achieved through the activity of social subjects in response to the problems they perceive within or around the social system in which they participate. It is probably a general rule that, when perceiving the occurrence of particular problems, the subjects who are dominant in a given social system first try to initiate remedial actions that have already been worked out and tested in practice over the course of the system's operation. However, when these fail to yield expected results, the dominant subjects try to generate new and extraordinary actions and solutions, thus triggering an adaptative process which, spreading, gradually opens up the space for systemic change. Inability of social subjects to introduce innovative solutions leads the system to become permanently dysfunctional; its disintegration is then followed by being radically replaced with another system.

Whether a change in a social system is gradual or abrupt depends primarily on the way in which the social subjects recognize and respond to the problem in the system's functioning. It is never easy or simple, especially since those institutional solutions that are most effective in ensuring the system's stability also inhibit its ability to adapt.

In general, those who prefer the system to remain stable instead of changing tend to seek centralized control over its functioning. Centralization is intended to enable stricter imposition of specific rules, directives, and information on groups of individuals participating in the social system. But does this really work in practice? It seems dubious. There are more important questions to be asked: who or what enforces compliance with the rules that ensure the preservation of the social order, in other words, who exerts punishment for noncompliance, for failing to follow the rules: is it some arbiter appointed from the top down, or are the rules enforced by cooperating peers in a decentralized manner? And even if the administration of punishment for noncompliance is centralized, and sanctions are issued from the top down: what is the extent to which the arbiter is autonomous of the individuals whose behavior they control? Hierarchy does not rule out a systemic dynamic, but a dynamic is not yet a transformation – provided that a transformation is defined as a change that involves a modification of the identity of the system's participants, so that it is not a transition from one state to another, but a transfiguration, a metamorphosis, an essential change of the social system.

To explain the ability of social systems to adapt and transform, we must also examine what enables them to function and be reproduced. Three questions should therefore be asked at the same time: 1) what makes social systems possible?; 2) what determines their continuity?; and 3) what enables their transformation? I would answer these fundamental questions in the following way: 1) the functioning of social systems is possible when their identities allow them to be relatively closed and self-referential; 2) sustainability of social systems results from their orderly relations with other systems, so that they are also relatively open to exchange with other systems; and finally 3) transformation of social systems is conditioned by the production of a plane of intersubjective and intersystemic communication, which I define as a modality. A modality is a social space (not an organization or a system) that is constituted discursively and institutionally. A modality is a field, a plane of social communication whereon knowledge that enables the system to be transformed is generated. Without it, social systems are incapable of transformation they can only adapt, but as a result are doomed to decay.

A modality is a field of communication where the knowledge generated by participants and observers comes together. This allows the information originating from within the system and from its surroundings to be combined.

If we adopt an evolutionary perspective to explain the transformation of social systems, then the evolution of social systems cannot be explained within the framework of the closed systems theory and by focusing only on internal factors that determine the functioning of the system and its duration. I find

the following thesis by Bertalanffy inspiring in this context: “It is hard to understand why, owing to differential reproduction, evolution ever should have gone beyond rabbits, herring or even bacteria, which are unrivaled in their reproduction rate. Production of local conditions of higher order (and improbability) is physically possible only if ‘organizational forces’ of some kind enter the scene; this is the case in the formation of crystals, where ‘organizational forces’ are represented by valencies, lattice forces, etc. Such organizational forces, however, are explicitly denied when the genome is considered as an accumulation of ‘typing errors’” [Bertalanffy 1972, p. 153]. It follows that the evolution of social systems is possible because they are open systems, and at the same time their transformation is characterized by contingency. Thus, the evolution of social systems means that their development constitutes one of many possibilities. This does not mean, however, that it is completely chaotic and random.

That the transformation (evolution) of a social system is possible does not automatically imply that it will happen. The realization of the change depends on the interactions taking place in the dimension of modality. A specific area (continuum) of social reality becomes a modality provided that the subjects present in this area accept its imagined spatiotemporal boundaries and define the normative rules for the functioning of thus designated social space. In this way, they will become its participants; at the same time, from this perspective, they will be able to observe the behavior of subjects residing outside this space.

If we recognize that the creation of new institutions is achieved through the participation of social actors in the dimension of modality, then we do not need to formulate an increasingly complex hierarchy of orders to explain the evolution of social systems. In order to occur, systemic social change requires an adequate space for social communication and interaction as well as a resulting cognitive perspective that will enable the generation of new modes of action and intellectual resources needed to implement this action.

A modality has a peculiar ontological status. It cannot be granted from without for it exists as a product of communication between conscious subjects. It is co-created by these subjects as a manifestation and consequence of their interaction; it is both constituted and created.

Modality modulates, which means that it attunes, and even more so adjusts; but it does not mean that it forms (gives form), nor determines (is the cause of). Of course, we can perceive a market, civilization, or culture as a system or even (under certain assumptions) as an object of influence, but if we want their influence to have a modulating character, then we need to treat them as “modalities”, fields of communication (interaction) between certain social systems, and then and only then will they reveal their modulating influence, enabling and facilitating systemic adaptation and institutional change, in other

words – development. Modality allows our thinking to go beyond the choice between continuity and change. We can set out a path that leads between the consolidation of the existing order and its destruction. This requires lateral thinking – multilateral in the subjective and objective sense. Establishing the direction and manner of change then results not only from defining the purpose of change, but also from its axionormative limitations.

Reflection and discourse, which stem from laterality, consist in a creative interpretation of the axionormative (institutional) order, which is intended to serve development while the identity remains continuous. It could be described as an evaluation of the social system, but in terms of its development. It is supposed to serve the developmental sustainability of the social order, which for me means developmental circularity. It could be represented graphically as a rising spiral. A modality does not control development but serves to delineate its trajectory.

Discursive and at the same time developmental circularity ensures that none of the institutional solutions are determined and definitive, but also none are accidental. And if it is imposed by force, it will not last. Laterality, by excluding imposed oneness, offers, on the one hand, relative permanence, continuity, and stability and, on the other, the ability to develop.

Modality breaks the opposition between observation and participation, linking them through an additional recursive loop of cognition and action. It can be represented by the following scheme: social order – discourse – agreement on action – action – experience – change (development) – modified social order. Modality is the dimension of social space in which this recursive loop is formed. And this allows the participating actors to gain the additional attribute of subjectivity – they can co-shape the institutional conditions of their development, which results from, among other things, their ability to (co-)think strategically, to activate strategic imagination and (co)responsibility.

Their subjectivity gains additional drive from participation in the imagined social space. The latter has a cultural (symbolic and axiological) character, and the actors participating in it co-shape an axionormative order that is open. It is ordered, but not rigidly hierarchized.

Generating and objectivizing social knowledge

Making knowledge common is a process of objectivizing subjectivity. There is no singular and uniform social knowledge. Social knowledge is individual knowledge made common. However, it is not the sum of individual knowledge, but a new and changing intellectual quality. It is a fluid resource of undefined

boundaries, reproduced and expanded by various social interactions. Global political subjectivity is surely out of the question, but globalization of knowledge is certainly not.

Do we have a picture of the whole world in our minds? No. We only have a fragmentary view (definition), a certain amount of personal knowledge, which we use as needed, activating its necessary components in a given situation. Probably a part of this knowledge is activated so often that it forms a kind of a cache of readily available routine knowledge. Its other components are activated less frequently and perhaps only as a consequence of discourse and interactivity. At the same time, such interactivity is a mechanism for expanding individual knowledge and its sharing, its transformation into collective knowledge.

Commoning knowledge is a consequence of social interaction. And if so, then social knowledge also includes a component of self-knowledge resulting from these interactions. It is therefore legitimate to talk about the following social process: I am, I act, I experience, I wonder, I change.

Commoning knowledge is an ongoing process that is not only cumulative but also emergent in nature. The core of this process is not to “share and expand” knowledge, to harmonize it, but to generate it – to interpret and create it. In social practice, the commoning of knowledge does not occur through a single dominant medium or mechanism. Various “media” participate in this process: intermediary units (connectors) not only help transfer, combine, associate, and provide knowledge, but also deal with its appropriate coding and processing.

However, for knowledge to be commoned, something else is needed, namely coexisting, cooperating, and co-cognizing (co-knowing). Co-knowing is achieved through coexisting (i.e., recognizing and communicating) and cooperating. Cooperating is achieved through coexisting and co-knowing. Coexisting is achieved through cooperating and co-knowing. Commoned knowledge enables coordination between the activities of different subjects. It does not, however, lead to the abolition of separateness, nor does it exclude competition between different subjects and their cognitive perspectives.

In order to be able to reach an understanding, individuals must be able to cooperate (also passively) within a space marked not only by community of thought, but also by community of fate, of a previous collective experience which has led to the emergence of specified social institutions. Social knowledge is institutionally embedded.

The pool of shared knowledge and the potential for coordination are closely linked to the material environment. It constitutes objectified social knowledge, being a carrier of information, a representation of ideas, and an

incarnation of habits; as such it has the ability to co-shape activities and create experiences. The social world has no physical and cognitive boundaries because it is also a cultural and symbolic world. Like the universe – it expands and simultaneously transforms. It exists beyond our knowledge, but it is our cognition and knowledge that gives it dynamism. So if we can talk about boundaries in this case, they are changeable.

Notwithstanding, the social world is structured. There are various forms of social organization. They are stable, though not rigid. They are also subject to development, to evolution. This occurs through cognition and social knowledge. The structures of the social world influence the generation of social knowledge by, for example, selecting and valorizing information.

Social systems shape the mechanisms for commoning knowledge, but they cannot inhibit its generation and transformation. Therefore, they cannot inhibit development, social evolution, the processes of disintegration, decay, and transformation, and the creation of the social world's structures. And the more diverse they are, and the more of them exist within a given space, the more intense and dynamic the generation of social knowledge (and thus development) becomes (see Table 2).

Table 2. Creation and types of social knowledge

Approach to reality	Role of the cognizing subject	Knowledge	Policy (mode)	Process of social change
Object	observer	analytical	administration	oscillation
System	participant	structural	comanagement	structural adaptation
Modality	observer-participant	modal	cogovernance	evolution

Source: own work.

Just as we talk about functional diversity of social structures, we can talk about functional diversity of social knowledge. However, we cannot assign a specific, closed pool of social knowledge to a given social structure. Functionally specialized social structures do not reduce the social world's complexity, and neither do functional segments of social knowledge. The more functionally specialized social structures there are, the more complex the

mechanism for coordinating their interactions must be. And the more functional segments of social knowledge there are, the more important it becomes for them to be combined and permeate each other, so that knowledge can be commoned, generated, and modified. Commoning is, therefore, a response to the functional diversity and complexity of social reality in terms of social knowledge. It allows us to reduce complexity without losing creativity, i.e., the ability to understand reality differently and modify it. Just as interactions between functionally varied subsystems are necessary for a system to be able to adapt to changes in its environment (and thus to endure and develop), so the permeation of different segments of social knowledge is necessary to expand and deepen this knowledge.

This permeation does not necessarily entail translatability and unification of cognitive perspectives. This process does not consist in simply accumulating social knowledge, but in generating a new, commoned cognitive perspective, the creation of which leads to the appearance of further perspectives (unless the process of social interaction is blocked).

The concept of objectivizing knowledge can be interpreted in two ways, as 1) commoning social knowledge, or 2) objectifying social knowledge.

The first mechanism leads to the creation of common knowledge. For some researchers, it will be the knowledge of a specific subject that emerges as a result of this commoning of knowledge, which itself is the consequence of the intersubjective translatability of different cognitive perspectives. In turn, postmodernists question this possibility. For them, the objectivization of social knowledge does not lead to the emergence of a new, different subject but leads the participants of the social discourse to agree on a common definition of the situation relating to a specific fragment of social reality. As a result, such objectivization is relative, fragmentary, and temporal. It does not lead to the appearance of a new subject but to the emergence of a specific discursive field that exists as long as the discourse lasts.

The second mechanism is that a certain segment of social knowledge is perpetuated by its practical and purposeful application to a certain fragment of social reality. This could be exemplified by the adoption of a remedial program in a hospital, based on the knowledge of a team of experts. In this case, objectivization of knowledge consists in the fact that it is used practically and in relation to a specific object of influence. Obviously, in order for this to happen, a certain repertory of knowledge must be commoned to enable the undertaking of previously posited practical action.

In my view, each of these possibilities can and does occur in practice. Thus, I do not consider the positions that emphasize the importance of one of them as opposing. I recognize each, but not exclusively. Therefore, I believe

that social knowledge is objectivized through being commoned, and this can take various forms. Moreover, commoning knowledge in one way can in fact lead to its further commoning in another way. This corresponds to my belief that social knowledge can be used in various ways, depending on how one understands and approaches the social reality to which this knowledge relates.

The first way of objectivizing knowledge stems from the conviction that social reality should be understood systemically, so that social knowledge is needed for a subject capable of systemic impact on reality to emerge. The second of the indicated ways consists in exposing social function as resulting from a discourse that shapes modal approach to social reality and influences it by modifying the relations between the different autonomous subjects who, by entering into the discourse and commoning their knowledge, transform their identity in an interactive fashion. Finally, the third way of objectivizing social knowledge is to use it as an analytical basis for taking concrete actions in relation to a fragment of social reality approached as an object.

On the one hand, the circumstances of a subject (group of subjects) are determined by its operative capacity, while, on the other hand, the way the subject (group of subjects) approaches (perceives) the object of influence (social reality) shapes the structure of the operation's circumstances. As rightly pointed out by Elinor Ostrom [2008], the way in which the participants of a decision-making situation communicate (the way their knowledge is commoned), changes the shape of situation. Social communication is not only an exchange of information, but also an interaction that results in a more or less permanent relationship between its participants, which affects their identity (subjectivity). This process features a transition from subjectivity to objectivity and again to (new) subjectivity.

The discursive field (modality) may imply the emergence of a subject for whom social reality will be a system or, perhaps, ultimately – an object. In turn, treating social reality as an object may give rise to concrete experience and reflection, leading to systemic change or to launching modal discourse between different subjects. Therefore, the process of objectivization, of commoning social knowledge, never leads to the conservation of social reality, but to its transformation. At the same time, every objectivization of social knowledge implies its subsequent subjectivization, which means that social knowledge dynamizes social reality and stimulates its development.

Social reality is, therefore, reproduced dynamically, which means that it evolves. And this occurs through social knowledge, which is constantly subjectivized and objectivized, generated and transformed. This reasoning is founded on the adoption of a process-oriented, spiral relationship between cognition, action, and the production of social reality. It can also be said that the social

world changes and develops because what is separate becomes common; at the same time it does not negate what is separate, but changes it – constantly, inevitably, and contingently. And this means that the relationships between the subject, action, and cognition (knowledge) do not form a linear process: they lead not (only) to the reproduction of the social world, but to its transformation.

I do not share the postmodern sentiment that there are as many (monadic) social worlds as there are actors. The social world can be seen as a unity, but not as a single subject. This world is home to many different subjects and many cognitive perspectives that can and are commoned in various ways. This understanding of the social world makes it possible to combine seemingly exclusive features and phenomena: diversity and cohesion, multiplicity and unity, differentiation and integration, fragmentation and generalization, subjectivization and objectivization, externalization and internalization. This provides social reality with constant tension (dynamism, diachrony), and at the same time enables a partial discharge of this tension (relative balance, synchrony). This is only possible because the social world is multidimensional and expansive, and simultaneously cognized and created, but not cognizable and finite. The key to social development and to understanding social reality is not to eliminate these opposites, but to produce appropriate knowledge and social practice to reconcile them and allow them to coexist.

The moderate version of methodological individualism is hardly objectionable. People act and their actions are deliberate. The extreme version, however, is unacceptable to me, because it ultimately claims that collective social entities have no existence in reality apart from the actions of individuals belonging to these entities.

Modality and conflict of values

One of the problems that require consideration is the issue of resolving conflicts between socially recognized values and modifying these values. Let us begin by referring to results of known and cited research. Cited, among others, by Sławomir Mandes: “A meta-analysis of the experiments shows that cooperation increased by 40 percent if communication was allowed before the game was started; additionally, a 30percent increase in cooperation was observed when a declaration or promise of cooperation was expressed before the experiments” [Mandes 2015, pp. 90–91]. This indicates the importance of the cognitive and institutional framework within which social interaction takes place. The course of individual interactions is strongly influenced by whether people communicate and how they do it, by whether they adopt rules and what these rules are.

This issue is at the center of Amos Tversky's and Daniel Kahneman's theoretical deliberations [1981, pp. 453–458], which undermine the theory of rational choice. These eminent experimental psychologists claim that an individual, when taking actions (making decisions), adopts a “decision frame” that results partly from the way the decision problem is defined, and partly from the norms, habits, and personal characteristics of the decision-maker. In consequence, the authors believe that individuals often display preferences that are inconsistent with utilitarian theory. They describe their decision-making model as “prospect theory”, adding, however, that people generally only evaluate the direct consequences of actions (*minimal account*). A decision-maker taking action in a short-term perspective is usually unaware that adopting a long-term perspective would lead to a different decision. In their view, people adopt this *mode of framing* due to three main reasons – advantages: 1) it simplifies evaluation and reduces cognitive strain; 2) it reflects an intuitive belief that consequences should be causally linked to acts; 3) it matches the properties of hedonic experience, which is more sensitive to desirable and undesirable changes than to steady states.

In practice, the acting individuals have to deal with inconsistencies in their preferences. To make this possible, they use decision-making frameworks that allow them to see certain consequences of their actions, while eliminating the perception of others. And that is why Tversky and Kahneman [1981, p. 458] consider the adoption of a decisionmaking framework by the decision-maker as an act of ethical significance. Their concept of decision-making frameworks used by individuals is, for me, an equivalent of the concept of modality in relation to groups.

The cognitive and institutional framework within which social interaction takes place is never rigid. Subjects can go beyond it, reflecting on the rules and consequences of the game, when they manifest modal (supra-systemic) thinking. If they do so in cooperation with other subjects, they simultaneously create a new, common cognitive space.

Religion can also be a form of modality. The problem is that, as religion becomes institutionalized and officialized, discourse and critical multilateral axionormative reflection may disappear. Dogmatized religion has no modal function. This changes when religion becomes individualized, which does not necessarily automatically lead to secularization of social life, although it certainly reduces the direct influence of the institutional church on the public sphere. Religion by choice becomes more authentic and personal [Grabowska 2015, p. 110].

However, Krzysztof Wielecki [2014] believes that secularization is one of the most important factors contributing to “loneliness and confusion in the sphere of values (anomy) of contemporary man, whose experienced world is

a world of total crisis. (...) It also diminishes our tendency to altruism, while strengthening egocentrism and narcissism; it makes it more difficult to endure suffering, which, while an inherent component of life, now particularly deprives us of the sense of the world's meaning and our own existence's significance" [Wielecki 2014, pp. 87–88].

Even if I find it to be much exaggerated, I believe this view to be intellectually justified. I also share Wielecki's opinion that subjectivity is the category that currently defines the intellectual foundation for exiting the crisis. What worries me, however, is that, when considering whether subjectivity is a value in itself, he comes to the conclusion that: "A subjective society cannot simply relinquish its power and abolish its institutions. Even where all individuals are subjective, there is still need for coordinating action, for specialized institutions to make and implement joint decisions. Violence is also needed to maintain the subjective social rules" [Wielecki 2014, p. 93].

I see the problem in attributing subjectivity to society as a whole. This gives rise to a temptation to look for a commanding form of expressing this subjectivity, which can of course be described as "coordinating action", but ultimately ends – as it does in Wielecki's writing – in adopting power and violence as its inalienable attributes.

The context of this reflection is the global financial crisis and its consequences; its purpose is to consider whether other options are possible, or whether all that remains is to seize power and resort to violence. Intellectually, we must deny it in order for our debate to make sense. Especially if we remember the experiences of past and present dictatorships.

In my opinion, the solution does not lie in any unenlightened superpower or collective social will; it lies in a social system that will create conditions conducive to individual and group subjectivity and to the launching of multisubjective modal thinking relating to the axionormative foundations of that system. This, I believe, should be the direction of our search and action: our intellectual response to this challenge. And, therefore, this response should not be relativized on the intellectual level.

I am not afraid of the present as long as it allows us, free individuals, to be active and creative. By debating, cooperating, and responding to others (our equals), we can shape the social world, knowing that we will not make it perfect, but trying to make it better.

I do not think that the ways of dealing with the great problems troubling the social world are limited to the following three options: 1) we have to accept the social world as it is because we cannot change it; 2) when we encounter a problem, we should do exactly what we did before; 3) we should create a higher instance of power, some higher hierarchical order. Perhaps a social

justification can be found for each of these recommendations in specific circumstances. However, in historical perspective, paths of development are opened by modal thinking – living axionormative discourse that enables the development of a new cognitive perspective and a different approach to social problems based on a new interpretation of communal and existential values.

I do not remove the concepts of power and politics from consideration. I am searching for a safe path between fundamentalism and technocracy, recognizing that there is no ultimate instance. And at this point I would like to recall two theses by recognized intellectuals to serve as a warning.

Michael Sandel [2012, p. 13] rightly emphasizes that one of the reasons for the moral vacancy of modern politics is the exclusion of the notion of good life from public discourse. As a consequence, the managerial (administrative) orientation of the subjects of politics eradicates their axionormative orientation. I would add that it also destroys the foundations of subjectivity of communities and individuals, including their right to autonomy and experimentation.

And Lester C. Thurow's prophetic words show where this leads: "Only social experimentation can determine what works, and that experimentation is what fundamentalists hate most. As a result, most of the terrorism of religious fundamentalism lies ahead of us and not behind us" [Thurow 1996, p. 237].

Of course, experimentation involves risks. Daniel Bell emphasizes it strongly, stating: "The impulse of Modernism was to leap beyond: beyond nature, beyond culture, beyond tragedy – to explore the *apeiron*, the boundless, driven by the self-infinetizing spirit of the radical self" [Bell 1978, p. xxix]. In my opinion, it is the shaping of modality and modal thinking that enables the generation of the necessary limitations. However, these limitations are not absolute. They can be described as relative and balancing, as exemplified by the "precautionary principle". Only in the space of communal communication and communal modal thinking are we able to stop thrashing between the walls of absolutism and relativism. It is modality that constitutes the institutional foundation for the pluralistic approach to values. It is a dimension of social existence that enables us to emerge from the trap of monism on the one hand and relativism on the other.

If "politics" is to be attributed with such important functions and possibilities of influence, then this must be applied to politics understood as a modality – a space of political discourse, that is, *polis*, rather than politics in its other three meanings [see Hausner 2007]. There is no way, political or other, to eliminate conflicts of values. This is an inalienable feature of human existence – individual and collective. All we can do is to ensure that such conflicts do not lead to the disappearance of community and, consequently, the inability

to generate communal and existential values. Common denominators must be sought in both the substantial dimension (axiology) and the procedural dimension (normativity).

However, in order for this to be feasible, one must first intellectually reject utilitarianism that ignores the problem of the origin of values. The idea of embedding values in the order of instrumental rationalism assumes that the world is a closed system with deterministic regularities. Modal thinking, on the other hand, implies that the social world is constantly being produced and keeps evolving; there is no ultimate solution, and development is a series of successive solutions that are “merely” satisfactory. In practice, this is not about choosing a specific uniform system of values, but about systematically reinterpreting the effects (shifting the meaning).

The problem of modality

The way in which the notion of modality is used by Kant is inspiring, as illustrated by the following quote: “(...) under the heading ‘modality’, in the table of categories of practical reason, the ‘permitted’ and the ‘forbidden’ (objective-practical meaning of the possible and the impossible) have almost the same significance, in popular usage, as the categories which immediately follow them, namely ‘duty’ and ‘contrary to duty’. Here, however, the former mean that which is in agreement or disagreement with a merely possible precept (as, for example, the solution of problems of geometry or mechanics); the latter, however, indicate what is in such a relation to a law actually lying in reason as such” [Kant 1993, p. 11] Kant is writing about modality that is related to semantics, i.e., about the “meaning construct”, the accepted convention, depending on which we assign this or other meaning to particular terms or phrases. The same thing said in a different context may mean something else. But if it is to have meaning, i.e., to serve communication, a certain convention (modality) must be accepted and applied by different actors. This is not achieved by a contract, an agreement, or some other simple and technical arrangement, but rather by a painstaking and long-term process of achieving consistency (agreement) – one that is accepted and respected (observed, applied).

In Kant’s argument, a modality (semantic convention, method of interpretation) makes it possible to grasp the semantic difference in reasoning with regard to what is permitted and forbidden – on the one hand, in relation to what is objectively possible and impossible (essentially objective) and, on the other hand, in contrast to what is in agreement with or contrary to duty (essentially subjective). In the case of the former, it is a question of compliance with a particular practical rule (instruction, procedure) and thus

of the procedure's efficacy, while in the case of the latter, it is a question of compliance with the laws of reason and correctness, and thus of rightness, legitimacy. Importantly, Kant, grants the attribute of cognitive necessity to both cases: in the first case because of the object of cognition and in the second case because of the subject of cognition. In both cases, he emphasizes the objectivity of cognition, but in the first case, it is the objectivity of the object and in the second – of the subject.

The concept of modality is close to that of the energy field used by Charles J. Fox and Hugh T. Miller [1995]. According to these authors, a “field” is a complex of forces that influence the situation. The structure of the field follows no set formula, but depends on what is happening in the world. In turn, the term “energy” implies that the field is sufficiently charged with meaning and intention to stimulate people and attract their attention. The authors clearly oppose the terms “field” and “organization” because a field does not contain a component of hierarchical control, which is an attribute of an organization [Fox, Miller 1995, pp. 9–10]. The similarity between my approach to modality and the one proposed by Fox and Miller stems from the fact that the latter authors associate their “energy field” with discourse – social interactions that constitute the process of sense-making and justification [p. 107].

This raises the question of the limits of modality. This is what Fox and Miller have to say about this matter: “We will never be able to delineate energy fields with sufficient specificity to satisfy a policy analyst trained in microeconomics. We will never satisfy those committed to positivist protocols of science. Energy fields invite *interpretations* and interpretations are themselves part of an energy field. Instead of being true or false, interpretations will have only as much currency as they can gather up from the curiosity-charged intentionalities which they reach and engage. They will themselves be charged poles of an agonistic discourse. There is no God's eye standpoint from which a priori standards of valid interpretation can be promulgated. But, again, energy fields open up avenues of interpretation unavailable to top-down, bureaucratic command and control policy implementation” [Fox, Miller 1995, p. 107].

The institutionalization of activities and social ties originates in the modal dimension. It is intersystemic communication that leads to a common reflection that generates and organizes normativity. And it does not matter whether the resulting institutions regulate the behavior of individuals or the functioning of social macrosystems. All of them originate from relations taking place in the modal dimension. Therefore, I find it doubtful whether it is justified to designate micro-, macro-, and meta-institutions, as some researchers do. Michael Fichter and Bodo Zeuner [2000], for example, distinguish meta-institutions in which processes of institutional change take place according to

permanent, calculable rules with recognized abilities of symbolic integration. According to the authors, a constitution is a classic example of a metainstitution. They also point out that metainstitutions (e.g., constitutional tribunals, constitutional assemblies) are granted special status and powers to ensure their durability and protect them against arbitrary change.

Advocates of a wider application of game theory in social sciences are well aware that no social game takes place infinitely in an enclosed space. To make their theory more realistic, they ultimately introduce a mechanism for changing the game's matrix. However, instead of solving the problem, they only complicate it, because they consider changes of the game's matrix to also result from the game, only at a higher level of generality. A complex game regulates the rules of simpler games. In the end, however, they have to arrive at the concept of a great metagame. Ziemowit J. Pietraś [1998, p. 244] presents this solution in the form of a "metastrategy", by which he understands the strategy of choosing a strategy. Yet questions remain: Where does this metastrategy come from? What or who generates it and constitutes it? Why do the players not employ it immediately and/or why do they employ it when they do? And finally: is a given metastrategy given once and for all, or is it subject to change and, if so, according to what rules?

While recognizing that the nature of some social interactions is similar to that of strategic games, I believe that this is only possible if one assumes that there is a specific social field (modality) that allows the social players to reflect critically on the course and outcomes of the games and to generate and agree on the principles of modifying the rules for conducting specific games in a relatively unrestrained manner.

The notion of "modality" corresponds to the notion of the *dispositif* ("apparatus") as presented by Michel Foucault, who states: "I understand by the term 'apparatus' a sort of – shall we say – formation which has as its major function at a given historical moment that of responding to an *urgent need*. The apparatus thus has a dominant strategic function. (...) The apparatus is thus always inscribed in a play of power, but it is also always linked to certain coordinates of knowledge, which issue from it but, to an equal degree, condition it" [Foucault 1980, p. 195–196]. Commenting on Foucault's concept, Michael Hardt and Antonio Negri [2009, p. 126] emphasize that the *dispositif* consists of the "material, social, affective, and cognitive mechanisms active in the production of subjectivity (...) a network of heterogeneous elements oriented by a strategic purpose."

However, while accepting the content of the term "apparatus", I prefer to avoid it because it is too technical, material, and implies the possibility that it can be possessed and controlled, which contradicts its content. What I find

particularly important about this concept is the emphasis that strategic investigation is always the production of knowledge [Hardt, Negri 2009, p. 127–128]. I would add that this knowledge is made common and thus social.

To some extent the concept of modality corresponds to the concept of “general intellect”, described by Jan Sowa as follows: “The issues of language, knowledge, and code as common goods are united here, and their keystone is the Marxian concept of *general intellect*. It signals the existence of a materially productive sphere of immateriality – knowledge, ideas, practical skills – which we can describe as a biopolitical common good. This common good, as befits the Marxian tradition, is not a metaphysical category and should not be understood as an idealistic construct encompassing a set of symbols and signs contained in librarial tomes. In modern times, the general intellect has an increasingly tangible form, which is the system of machines” [Sowa 2015, p. 228].

In my view, “modality” is a space of discourse, while Sowa’s “general intellect” is a machinized network. It can be used to produce goods, but it does not generate good. That requires an open space of axionormative discourse. Although the machinized network does stimulate social interactions, their effects can only be reproductive and functional/systemic. To have developmental power, they would have to be modal – reflective and discursive. Not everything that is relational is also dialectic and developmental. It can be oscillatory and circular, but this circule is not necessarily developmental. Social life pulsates and circulates, but this not enough to say that it develops. Roman Ingarden [1987a, p. 63] prophetically reminds us that “man has already conquered the same cultural peaks many times and, having conquered them, tumbled down again, fading away.” The way I interpret this is that social life cannot be maintained in a circle if it does not have a dimension of a developmental spiral. What is functional is unsustainable without what is changeable – developmental. Notwithstanding, development requires a functional basis. Developmental potential is based on retention. What is liquid requires what is solid.

The concept of modality is also used in logic. Modal logic features a distinction between “necessary truths” and “contingent truths”. My understanding of modality clearly corresponds to this because a modality as a space of discourse generates “contingent truths” in the sense that cognition taking place in its field consists in reflection and interpretation, and the positions formulated through the discourse are neither necessary, nor universal, nor eternal.

The action of a modality can also be described metaphorically (referring to Stanisław Brzozowski [1990, p. 92]) as looking at the world simultaneously

through different windows – from different perspectives. In order to create another perspective, another window must be created. Generating a modality is a process of learning, generating knowledge, and making this knowledge communal. This learning is not imitative, but creative. The idea is not to adopt a different point of view, but to create a new view that will enable us to perceive and understand the social world in a novel way (see Figure 5).

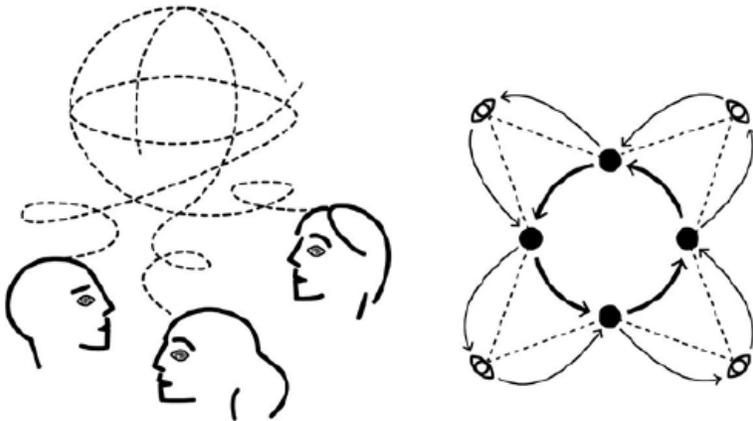


Figure 5. Modality and axionormative discourse. Source: own work (illustrated by Karolina Wróblewska-Leśniak).

Leszek Kołakowski sees the possibility of satisfying the need for meaning in myths defined as “certain constructions, present (...) in our intellectual and affective life, namely those which conditioned and mutable elements of experience allow us to bind teleologically by appeal to unconditioned realities” [Kołakowski 1989, p. ix]. The term myth defined in this way responds to three basic, interconnected human needs: for reality to have meaning, for human values to be preserved in the face of death, and to view the world as continuous. All of them entail attempts to go beyond the randomness of a given situation, to establish an order manifesting itself in this situation. Further on, Kołakowski states that “our reference to myth is not a search for information but a selfpositioning in relation to the area which is experienced in such a way that it is a condition (not logical, but existential) of our clinging to the world and to human community as a field where values grow and wither” [Kołakowski 1989, p. 57].

The functions which Kołakowski attributes to “myth” are fulfilled by “modality” in my approach. One significant difference between the two is that a myth is adapted by the community rather than produced by it and is also

subject to various forms of sacralization. It constitutes a kind of a dominant and sanctified narrative in a given community. In contrast, a modality is produced rather than adapted. It results from discourse and the intellectual clashing of different narratives and cognitive perspectives. Its change is therefore evolutionary. It does not need to be abolished like a myth. It cannot be swapped – it either develops or fades. The function of modal thinking is not only to give meaning to existence, but also to generate communal and existential values as values that are co-created.

A modality is also a space employed in international relations, which also require an axionormative order. Adam Daniel Rotfeld [2016, p. 11–12] emphasizes that if this order is weakened or eliminated, the international system is shaped by the potential and interests of individual states, which gives a lasting advantage to the strongest. The influence of these factors cannot be removed, but can be counterbalanced by common respect for certain values and principles. Otherwise peaceful coexistence and cooperation can hardly be maintained. Especially in the context of globalization and rapid technological, economic, political, and social changes.

Conclusion. The functions of modal thinking

Social reality encompasses individuals, social structures (communities, groups, and organizations), and social fields; the latter I generally define as a space for interaction between individuals and social structures. This is an ontological view of the social order. However, social reality (social order) can also be approached from an epistemological perspective. Then we distinguish in it objects, social systems, and modalities. The way a social order is perceived – object-oriented, systemic, or modal – depends on the role played by the cognitive subject: observer, participant, or (co)participant/(co)observer.

Relations between subjects can take place in different dimensions of the social world's functioning. In general, they can be instrumental (operational cooperation), systemic (cooperation focused on rules), and modal (cooperation focused on agreeing on changing the rules). The latter type of cooperation is made possible by discourse that refers to fundamental, existential values, and by the joint mobilization of imagination, leading to the formation of a community of shared values.

Cooperation between subjects always takes place in some common space. This space has its important material and mental correlates. The material ones are fundamental in the case of instrumental cooperation, while the mental correlates (shared values) are crucial for modal cooperation. Systemic cooperation is an intermediate case in this respect.

If we consider subjectivity to result to some extent from social interaction, then objectoriented thinking limits one's own subjectivity and excludes the subjectivity of others; systemic thinking strengthens one's own subjectivity while limiting the subjectivity of others; while modal thinking reinforces one's own subjectivity by recognizing and fostering the subjectivity of others. Modal thinking is multisubjective for modality as a form of social reality is a space of multisubjective communication and cooperation.

In the real world, these three approaches coexist. Not only in the sense that various actors prefer different approaches, but also that certain actors may adopt any one of these approaches in relation to different parts of reality or in different circumstances. Simply using the object-oriented approach does not diminish subjectivity as long as it done selectively. In fact, the subject's ability to relate to the world in different ways depending on the circumstances (i.e., not only in an object-oriented mode, but also in that mode in specific situations) can be considered a dimension of subjectivity.

This does not mean that by cognizing the world we construct it; it means that we transform it. A subject cognizing the world does not reproduce it but changes it. The more so, the more the cognition and the resulting knowledge are collective. However, we cannot conclude from this that the social world exists by virtue cognition or that it is encapsulated in individual and collective cognition.

The boundaries of a modality are not fixed but fleeting. They can be delineated and grasped, but they cannot be established. They result from imagination and discourse. In this space, what is socially subjective is objectivized to the extent that the discourse leads to the institutionalization of the actions taken in its consequence, that is, to the (re)formation of the actors' normative framework of action.

A modality is created by the communication taking place between systems, but it is not their designed product. It shapes the conditions in which systems operate, but it does not determine their functioning. It creates a space in which different ways of functioning are possible, but this does not mean that these ways can be arbitrary. When they transcend their borders, systems interact with other systems. This allows them to change their identification and transform themselves. A modality provides them with alternatives, but their assortment is limited. It generates conditions that can be described as a contingent necessity. Functioning within a given modality, the system reaches a state that is neither the only one possible nor final, but neither is it completely arbitrary or random.

At the same time, no modality is universal or immutable. When systems change, the modality created by these systems changes as well. However, this does not mean that they have power or control over it; they can only modify

it through communication and co-creation. Travesty the views of the proponents of “chaos theory”, one could say that modality is chaos created by order and at the same time chaos that imposes order [Kickert 1993].

A modality triggers modal thinking and action. Their essence is to form institutional frameworks for action – in contrast to instructions for action. The former is conditioned by the autonomy and independence of social actors. The latter leads to the abolition of their autonomy and independence. The former opens paths of development, the latter blocks them. Both may be presented as attempts to solve social problems. The former, however, consists in creating a modified framework for the activity of autonomous actors in the belief that this will improve the situation. And it will certainly require another round of reflection, discourse, and reforming the framework. The latter solution boils down to eliminating discourse and blocking the activities that contribute to the problem. This always means depriving the actors of some important needs and restricting their possibilities of action. While modal action does imply limiting certain avenues of action, it simultaneously opens up others. In contrast, imperative action replaces possibilities with coercion (mandates) allowing one to act only in a specified way or not at all.

Modal thinking has many functions. These include:

- forming new cognitive perspectives,
- forming the language of social communication,
- revising the identity of social actors,
- forming the criteria for evaluating institutional solutions,
- reconstructing the institutional order,
- expanding the spatiotemporal framework (references) of social action,
- providing social systems with the ability to adapt,
- conditioning the evolution and coevolution of social systems

[Hausner 2013, p. 10–11].

A modality as a dimension of the environment of social systems is a complexity created by the communicative interaction of these systems. However, the existence of this complexity is neither exclusively objective nor exclusively subjective. It exists because it is created and operates because it is perceived, but at the same time it shapes the conditions in which subjects (systems) operate, and which the latter cannot fully control. Robert Delorme [1997, p. 33] describes such complexity as reflexive. A modality, as a reflexive complexity, impacts on the subjects that perceive it, who decide how to deal with the conditions defined by this complexity [p. 39] and try to modify these conditions. A modality is therefore a “product” that defines the conditions for the functioning of the subjects that created it. Social systems (subjects) are therefore both creators and victims of social change [Offe 1998, p. 1].

CHAPTER VI

SOCIAL SPACE-TIME

Introduction. Social becoming

My reflections follow the theoretical deliberations of Piotr Sztompka [1991], who in his theory of “social becoming” proposes a synthesis of individualistic and collectivistic thinking, arguing that what is collective needs to be de-reified, and what is individual needs to be de-atomized [Sztompka 1991, p. 53]. Michael Hardt and Antonio Negri [2009], among others, elaborate on this line of thought, linking becoming with the multiplicity of social actors. They also postulate reorienting the ethical horizon from identity to becoming [Hardt, Negri 2009, p. x].

I think that, before commencing a discussion on the individual and society, we should direct our thoughts towards a community that is not just a collection of individuals. It is not given to them. It is their creation. Rather than establishing communities, people produce communities by acting together and thus generating bonds that communalize them. If their cooperation disappears, so does the community, because the bonds that bind people together disappear. It is only through constantly sustained cooperation between individuals that the community emerges and becomes a subject. No community is an eternal or universal entity. Each is specific and contingent: it emerges and becomes.

If we were to consider society as a community, then only as a community of communities. In general, however, aggregates as large as societies do not become such complex communities. If they do, then only at certain moments of particular danger or elation and only for a limited period of time. Therefore, societies are essentially collectives wherein some behaviors of their individual members are coordinated in spontaneous or forced manner. They do not display the attributes of subjectivity.

An intermediate form can be distinguished between communities and societies, namely such collectives in which the level of spontaneous coordination of individual behaviors and actions is relatively high and which, aware of this, actively maintain such coordination. In their case, we can speak of specific collective behaviors and actions.

Another element of Sztompka's approach that I find convincing is his emphasis on the contingency of social phenomena [Sztompka 1991, p. 54]. These phenomena are neither strictly necessary nor strictly random. They could have revealed themselves, but they did not have to. Things happened as they did, but they could have happened differently. After all, social phenomena result from the actions of various actors, who can act in one way or another. Their behavior is not programmed and can be predicted only to a limited extent. It is not completely unrestrained because they act in certain conditions, but it is also not fully determined. Social processes are emergent and contingent, and this is the foundation of the theory of "social becoming".

Time and social becoming

Travestying Karl Marx's [1964] deliberations on the alienation of the individual, I will take the term "autonomy" as appropriate to describe social actors. It is essential for the actors to acquire self-knowledge, that is, knowledge of which the actors themselves are the object. And in this sense, autonomy is self-objectification. Self-knowledge does not ensure subjectivity. If that were the case, subjectivity would be self-given. Subjectivity becomes. It emerges in the actor's relationship to other actors. It becomes in social movement, enabling the actor/subject to determine their trajectory of movement, the life path they follow, and thus it enables them to control their time.

We are prone to attribute the shortening and lengthening of our time to our emotions. I think it depends more on our actions than our emotional feelings. The crux of the matter is whether the actions are oriented towards what was, what is, or what is to be. It seems that we read time geometrically. We conceptualize it spatially, but it is difficult to portray it clearly. We experience it as we cover some distance. However, it is difficult to decide whether it should be expressed by a straight line, a circle, or maybe a spiral. It is perceived differently by various individuals and communities. We perceive the covering of the temporal distance in different ways. The direction we are facing in our activity is likely to be especially significant for this perception.

Another phenomenon bearing close association with the experience of time is flow. Time flows. But maybe we are the ones flowing – passing – in time? Does time influence us, or do we influence time? We experience this

differently at different moments. And I believe that, rather than on our emotions, it depends more on our actions, though obviously the latter generate certain emotions. If we stand still, time flows alone, and it flows inevitably. But if we desire to achieve something important, we influence time, giving it the right rhythm and direction with our actions. Then we are the ones flowing, striving towards a certain goal, a certain point. We measure our efforts with time. Time belongs to us, not the other way around.

If my action stops, I become a point in time. I stand still, time flows – I pass. If I make an effort to meet a specific challenge, if I wish to achieve something important, time does not destroy me but favors me. I need it to cover a certain distance, to move to another point. When nothing is happening, I am a point fading in space-time. When I am acting, I am forming my space-time and traversing it in a direction of my own choosing.

In the former case, the source of time is external and absolute in relation to me. In the latter case, I become the source of time, which becomes relative to me. These are the two extremes between which man seeks the meaning of his existence. And from this perspective it becomes clear that meaning does not only come from me, but also from my reference to someone else. Either to the other as an absolute, a necessary and immovable source of the time given to me, or to the other as someone with whom I engage in important actions, someone without whom these actions cannot be performed and are doomed to failure. It is in relation to someone that I form a common space and move time.

Individual understanding of time is at the heart of the *time perspective theory* developed by Philip Zimbardo [see Zimbardo, Boyd 2015]. Its basic thesis is that the ways in which people understand and experience time and perceive the difference between the past, present, and future significantly affects the rule of their behavior [Stolarski, Fieulaine, van Beek 2015, p. 9]. It is not that people are oriented exclusively towards the past, present, or future, but they nevertheless adopt some dominant orientation (perspective), several versions of which can be observed in psychological studies. As a result, our past, present, and future are constantly “competing” for resources, and the dominant orientation displaces the other two out of the main field of view. This results in a “temporal bias” as one temporal perspective is clearly activated more often than the others. The adoption of a dominant time perspective is the result of a “situationally determined and relatively stable individual-differences process” [Zimbardo, Boyd 2015, p. 19]. Individuals try to somehow maintain a properly balanced time perspective and show some adaptability with regard to the dominant time orientation, but the balance is never perfect [Stolarski, Fieulaine, van Beek 2015, p. 7].

While developing his theory, Zimbardo supplemented it with cultural (social) variables, e.g., emphasizing that the Eastern notions of time, associated with the traditions of Zen, are more circular, while the Western perception of time is more linear [Zimbardo, Boyd 2015, pp. 17–18]. Thus, he acknowledged that the conceptualization of time has both individual and social foundations.

Time is one of the dimensions of social life that are indispensable to produce value. Kant points to the relationship between time and ethics in his characteristic manner: for him, time is an a priori form of sensuality. Consequently, as underscored by Radosław Strzelecki [2017], the kind of ethics that Kant is aiming for excludes time.

The positive relationship between time and ethics can be captured if one adopts a dynamic and relational concept of subjectivity. The key moment of contact appears when time is understood as *kairos*. Strzelecki describes this concept thus: “Kairos is the critical, decisive moment, the most appropriate point in time, the dramatic tangle of circumstances, fate, and action tied in one fleeting moment” [Strzelecki 2016, p. 31]. *Kairos* is a time that is open and oriented towards the future, a time in which the freedom of man as an active individual is expressed, a time to become a subject and take up the challenge, a time to take responsibility for oneself and for others, a time to grow. Strzelecki goes on to write: “The openness of time (...) offers man freedom, but the price of this indeterminacy, in both the communal and the individual dimension, is the lack of *telos* and the resulting underlying uncertainty, which erodes individual existence and thus may destroy the free community” [Strzelecki 2016, p. 33]. Yes, *kairos* can lead to the destruction of the community, but there would be no community without it. And it allows the community to be reborn at any time. Time, understood as *kairos*, is indispensable for the becoming of subjectivity.

The understanding of time as *kairos* has its source in ancient Greek philosophy. In the works of various philosophers of that era we can find three basic ways of understanding time, as shown in Figure 6.

Jacek Jaśtał [2015, p. 74] underscores that the Greeks perceived time as cyclical, i.e., circular. This applies to the understanding of time as the time of eternity (*aion*), as current time (*chronos*), and as the time for taking up a challenge (*kairos*) [Strzelecki 2016]. Regarding time as cyclical leads to a preference for the categories of duration, stability, and longevity, and thus generally synchronicity [Jaśtał 2015, p. 82]. In consequence, “the meaning and purpose of life are connected more with what is timeless and can be achieved by man through aretic perfection” [p. 96].

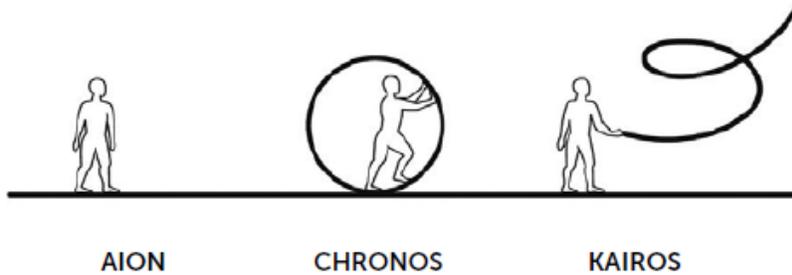


Figure 6. Three ways of understanding time in Greek thought.

Source: own study (illustrated by Karolina Wróblewska-Leśniak).

In modern times, time is typically represented as linear. According to Jaśtał, this has significant ethical consequences. Moral evaluation is shifted from the attributes of man, his nature and reference, to the personal aretic ideal – to concrete actions. The author stresses that, as a result, “individual choices and behaviors gain in importance, while the pressure of time makes striving for truth dysfunctional” [Jaśtał 2015, p. 129]. Active life (*vita activa*), oriented towards shaping the surrounding world, becomes the dominant model, and utility becomes the measure of this activity. This leads to significant socioeconomic consequences; e.g., saving time becomes a general measure of an activity’s effectiveness [p. 123]. *Chronos* begins to overshadow *aion* and *kairos*.

Adopting the thesis of social diachrony and the subject’s (social being’s) becoming does not exclude the existence of an absolute and immutable being, including God. Such an approach can be found in the deliberations of Karl Jaspers [1968]. He recalls the position of Pico della Mirandola, who believed that God made man in his own image and said to him: “Thou alone art in nothing restricted and canst take upon thyself and choose to be what thou wilt. Thou thyself, according to thy will and thy glory, shalt be thine own masterworker and sculptor, and form thyself of the stuff that is to thy liking. Thus thou art free to descend to the lowest level of the animal world. But thou canst also raise thyself to the highest spheres of godhead” [Jaspers 1968, p. 53].

But Jaspers himself puts it differently, stating that “man’s freedom is inseparable from his *consciousness of his finite nature*” [p. 62]. Human cognition, as opposed to divine cognition, is finished. Man can break through his finiteness – as long as he becomes conscious of it and can relate it to the absolute and the infinite, to transcendence – but cannot annul it [p. 63–64].

Many of these themes are taken up by Adriana Warmbier [2014], who presents an interesting picture of the contemporary philosophical debate over the problem of the subject. She stresses that this dispute is taking place in the wake of the rejection of the Cartesian belief in the unlimited and unconditioned possibility of self-cognition, resulting from the assumption that subjects have direct access to themselves. This monadic approach to the subject has been undermined by Emmanuel Lévinas, Paul Ricoeur, and Charles Taylor, among others [Warmbier 2014].

The key to overcoming the monadic approach to the subject seems to be the assumption that the subject's existence is defined by time understood not in absolute, but only social and relational terms. Only then can we adopt a dynamic approach to the subject who exists because they become. A social entity is an entity because it becomes, not because it is. It is what it becomes.

Paul Ricoeur [1994] calls for an open dialectic. This entails an assumption that the subject becomes not only through self-cognition but also through cooperation with other actors one that changes not only the cooperating actors, but also the social conditions of their cooperation. The subject's becoming is not a linear or cumulative process. It runs in a spiral. It resembles a multiple helix. In this case, the movement cannot be closed in a circle, and it never leads to the same point.

Subjectivity becomes in a process in which different actors coproduce values, both existential and instrumental. By forming a community, they give meaning to their individual existence. Subjectivity becomes in a circular process in which the existential and the instrumental, the axionormative the operational permeate each other. In the process of self-subjectivization, in order to express one's expectations, one has to accept commitments. Rather than employ some personal "pocketbook ethics", one must co-create an axionormative order, limiting others as well as oneself. In order to develop, to self-produce, we must produce community. To maintain autonomy, we must build bridges connecting us to others. Subjectivization takes place in social space-time, in the space-time of becoming, not being.

Space as a dimension of human activity

As a starting point in considering this issue, I take the distinction between territory and space. A territory is a designated and developed piece of land, so it is in one way or another limited by people, even if these boundaries can be moved. By contrast, a space is inherently open; if we enclose it, it will become a territory. However, this does not mean that it disappears, because its existence is, among other things, a social phenomenon. It is a human way of

perceiving the world – it refers to both objects and people and allows us to grasp the relations that take place or may take place between them. In other words, it can be said that space has a social nature and, at the same time, what is social is spatial [see Harvey 2009, p. 11].

The terms territory and space refer to different types of order. They may overlap, but they also diverge, which is becoming increasingly clear with the application of the subsequent generations of technology. Virtual space has come to existence, and though it is aterritorial by its very nature, attempts are being made to limit and territorialize it.

The existence and expansion of space causes cities, as well as other organizations, to have many different boundaries that are constantly changing. Przemysław Czapliński describes it in an inspiring way, making a distinction between maps of solid and liquid bodies and volatile maps. This is how he describes it: “Today we live on a map that could be called a volatile map – in contrast to the previous cartographies of the solid and liquid world. The emergence of the volatile map does not invalidate the two previous approaches, but it complicates everything immensely. (...) The liquid map shows the possible routes of flow, the volatile map – the zones of ascent and descent” [Czapliński 2016, p. 406].

This distinction makes Czapliński consider the nature of sovereignty in the contemporary world, leading to the following statement: “Full sovereignty, understood as independence from foreign influence, can only be set on the map of solid bodies. (...) the map of volatile bodies forces use to redefine of sovereignty: instead of perceiving it as autonomy, i.e., being guided by one’s own law, this map makes us perceive it as the ability to participate – to acknowledge our responsibility for the changes occurring throughout the eco-sphere and to take part in restoring its self-regenerative potential” [Czapliński 2016, pp. 407–408].

In his reflections, Czapliński does not focus on territories as such, but mostly on how their maps are drawn. Using the example of Poland, he demonstrates how the selfawareness of Poles is influenced by the cultural and political interpretations of Poland’s geographic location; how this shapes our sense of closeness or distance to neighboring nations; how our specific reference to others shapes our collective image of ourselves and our fate; how we gain or lose subjectivity by understanding, interpreting, and shaping international interdependence; how this affects Poland’s development.

Czapliński’s approach captures the multidimensionality of space and the different ways in which it can be territorialized. Following in his footsteps, I distinguish three basic dimensions of space, each with its own type of borders: 1) physical space – rigid borders; 2) space of exchange – fluid borders; 3) space of discourse – volatile borders.



Figure 7. Types of space.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

Each of these forms of space can be shaped by human activity, but the relevant type of activity is different in each case. In the first case, it is spatial development, i.e., an object-oriented approach to space, which involves its physical territorialization. In the second case, we are dealing with the creation of various socio-material relations, which allow the space to become a system and be territorialized as a complex social system with fluid borders. In the third case, space is shaped through multisubjective discourse and the creation of a social imaginary; it is territorialized as a modality with volatile borders.

Each of these ways of understanding and shaping space has its own consequences related to inclusion and exclusion, derived from the nature of the borders imposed on a space by the way it is created. By shaping space in a certain way, we provide it with a certain scale – thus we can expand it or reduce it. The multidimensionality of space means that its scaling is also multidimensional and cannot be closed.

Different kinds of scaling may be in opposition, which generally results from conflicts of interests between the participants of a particular space. The only possibility to reconcile the different modes of spatial scaling is to include in this process not only the spatial dimension but also the temporal dimension. This implies strategic thinking about space, which combines an objective and subjective approach to space. Then we consciously wish to shape it in such a way that, while using previously recognized and available avenues of action, we create and launch new ones. In this case, time is not understood as an interval, but as a measure of social change, referred especially to social relations.

It is only by introducing the dimension of time into the formation of multidimensional space that we open up the path of development – the path to the future. Therefore, reconciling the multidimensional scaling of space requires dynamism, and only such an approach creates grounds for maintaining

balance. We need diachrony in order to be able to move towards synchrony: without it, an organization (of any type) can expand but not develop. And if it only expands, this always leads to a disastrous imbalance and collapse.

The resulting conceptual sequence is as follows: space – multidimensional scaling of space – strategic discourse – temporal scaling of space – shaping relations between social actors – development. This conceptualization shows that the shaping of territorial structures consists in transforming social relations.

A similar course of thought was proposed by David Harvey, who regards urbanization as a “spatially grounded social process in which a wide range of different actors with quite different objectives and agendas interact through a particular configuration of interlocking spatial practices” [Harvey 1989, p. 5].

Closed and open social space-time

The shaping of social space-time is always linked with specific ideas. Ideas are not born out of thin air. They are not dictated and written in stone. They result from human activity and experience. New ideas are rooted in practicality. However, this happens in a complex process of transition leading from a new idea, through the existing axionormative order and its modification, the social system and its transformation, to a different kind of action – a new practice. This process takes place in a specific social space-time.

The category of social space-time is one of the key categories in the world-view presented by Oskar Hansen³ [2005]. Hansen explores how visual impact tools (VITs) can be used to shape the visible (physical) world, but also its perception and thus the intangible world – the social reality. He writes: “The spatial situation, created by man, is a spatiotemporal ‘opinion’ expressed in an artistic language – an artistic expression of ideas” [Hansen 2005, p. 18]. Hansen’s cognitive perspective is well illustrated by the following thought, partly inspired by Winston Churchill: “Vision is an essential sense forming our psyche. An important role in its shaping has been played by VITs. ‘We shape buildings, thereafter they shape us.’ (Winston Churchill)” [p. 70].

And from this perspective, Hansen makes the distinction between closed form (CF) and open form (OF), which is essential for his reasoning. Closed form he associates with the patriarchal order of obedience resulting from the unawareness of the subjugated. This is well illustrated by Hansen’s description

³ Oskar Hansen was an artist who wanted to use art to consciously shape the social space-time of urban dwellers. Another such artist is Cecylia Malik, known especially for her artistic endeavors in Krakow. She aims to direct the residents’ attention to the relationship between the quality of their lives and urban development [Niedośniał, Rostkowska 2014].

of Spanish architecture in Cuzco, the former capital of the Incas: “(...) bristling with Spanish baroque decorations, the cathedral’s gargantuan facade, elevated above a series of monumental steps, dominated the city, distorting the semantics of the Incan space-time”; later on he compares it to “spurred shoes on the head of a sage”. And he summarizes this urban phenomenon in the following way: “Today’s Cuzco, the former capital of the Incas, is one of the painful examples of cultural loss caused by realizing the idea of possession, cross in hand” [Hansen 2005, p. 69].

Hansen emphasizes [p. 72] that CF is like a mirror imposing a reflection, an undebatable visual symmetry. It makes people passive and subordinate, objectifies them, and becomes the foundation of a model of possession that excludes cooperation between nature and people. In turn, this is how Hansen describes OF: “The decisive element in its reception is the authentic movement of the recipient, which enables a personal perception of the spatiotemporal composition.” And this means that it is a foundation of a cognitive model [p. 64].

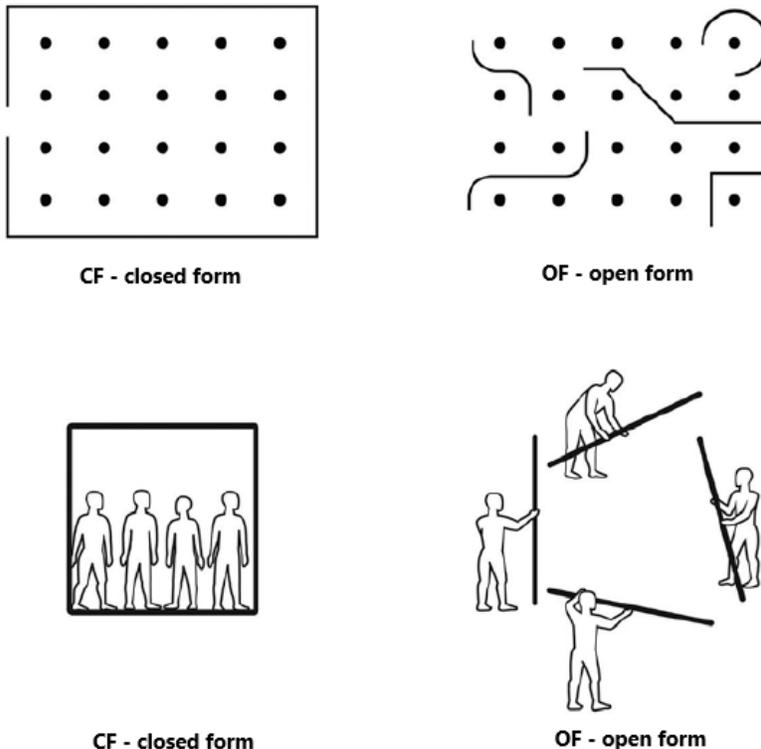


Figure 8. Closed and open form.

Source: graphic design by Karolina Wróblewska-Leśniak based on: Hansen 2005, p. 31.

If the social world is to be prevented from succumbing to entropy, it must be assumed to be constantly disintegrating and being created anew. And this is only possible in a certain social space-time that is open. Hansen approaches this using his category of “open form”. Closed form is conservative, while open form is developmental. CF makes individuals and communities passive and objectifies them, while OF activates and subjectifies them. CF is associated with “a dictate”, OF – with “prudence”. CF generates a space-time of dominance, OF – a space-time of cognition [Hansen 2005, p. 43–46].

Closed form limits cognition, communication, and generation of knowledge. Hansen puts it in the following way: “Situating the viewer in the field of direct assault by apodictic form is a basic visual impact tool used by dictators: autocrats, monotheistic religions, proletariat, capital, etc. Crossing the limits of a person’s perception results in their passivity – it orients their psyche. Exerting impact with forms that overwhelm human perception is employed in both totalitarian and so-called democratic systems. Their aim is to control the psyche of the audience” [Hansen 2005, p. 13]. In contrast, open form stimulates acquisition and generation of knowledge.

Closed form is a space of “frozen time” [p. 48]. A good example of this is the medieval city, which Hansen comments on as follows: “The form of the medieval city – an ‘immutable object’ in relation to its surroundings – is an expression of the dogmatic idea of control and possession, and the form’s development, in contradiction to its fundamental principle of immutability has led to today’s economic, cultural, technical, and, particularly, humanitarian absurdities” [Hansen 2005, p. 32]. This keen remark indicates that transitioning from closed form to open form is not a simple movement, but a complex and lengthy process.

A closed social space-time means the hegemony of a single temporal and cognitive perspective. An open social space-time allows for different perspectives, which have to adjust to each other. This requires effort and time. But first these different perspectives must emerge and reveal themselves publicly.

In a closed social space-time, the basic form of behavior is struggle for dominance. In an open social space-time, the organization becomes a living laboratory where actors test various (and new) solutions to their problems.

The problem of social space-time

The issue of time and space is at the center of Henri Bergson’s philosophical deliberations [1928, 1968, 1974, 1991]. He particularly emphasizes the role of time: “Questions relating to subject and object, to their distinction and their union, should be put in terms of time rather than space” [Bergson 1991, p. 71].

For him, persistence is becoming. Persistence-becoming occurs in a space-time continuum. Bergson's remarks essentially pertain to the individual. Therefore, space-time is for him primarily a mental phenomenon. The individual self contains and combines a multitude of states of consciousness. The superficial state of consciousness is associated with perceiving time as homogeneous. It is only when it enters deeper states of consciousness that the self discovers the diversity of space-time. This is a testimony to the movement of the mind into deeper strata, the transition from one level to another [Bergson 1991, p. 57]. By moving deeper, the mind transcends the intellect. Bergson believes that "the natural function of the intellect is to bind like to like, and it is only facts that can be repeated that are entirely adaptable intellectual conceptions" [Bergson 1991, p. 211].

The intellect leads the self to passive adaptation. And only the mind leads to the adaptation of active and creative activity [p. 93]. Discovering different forms of space-time as different qualities, it is able to merge them and put them in order. And this enables the self to develop something absolutely new, to go beyond homogeneous space-time, to create its new forms as new mental states. In this way, human consciousness liberates itself and tries to bear the constant burden of matter [Bergson 1991, p. 105]. In order to act on matter, man needs points of support, constituted by abstract images of reality employed by the intellect, including the "homogeneity of time and space". However, as Bergson states [p. 211], "homogeneous space and homogeneous time are then neither properties of things nor essential conditions of our faculty of knowing them". The creative self can transcend such thought patterns by reaching deeper into itself.

Bergson rejects the ancient understanding of scientific knowledge and its treatment of time as degradation and of change as the diminution of the eternal Form that we are trying to capture in concepts [Bergson 1991]. This conceptual, ideal understanding of the world places the intellect outside of time. As a result, intellect provides only that which is immobile and fragmentary. But life cannot be contained within some scheme, it progresses forward and continues. Its evolution is not a straight line, but takes the form of a circular process. True duration requires a nonhomogeneous space-time and requires it to be open – it is dynamic.

Bergson accentuates the meaning of human space-time, but constantly individualizes it. There is no way out of the individual self and into social space-time in his writing. Only what is individual can resultingly become social. He puts it categorically: "Even if we were only in theory under a state of obligation towards other men, we should be so in fact towards ourselves, since social solidarity exists only in so far as a social self is superadded, in each of us, to the individual self" [Bergson 1974, p. 7].

It is only this “individual self” that can go beyond the homogeneous space-time and lead to a complete and perfect morality, which is a challenge that it must take up itself [Bergson 1974]. Without it, society and its morality would remain closed. Such special “selves” belong to privileged individuals, “certain men, each of whom thereby constitutes a species, composed of a single individual.” Their lives, thanks to the intuition that surrounds their intelligence, become mystic lives [p. 257]. Such privileged individuals push humanity forward. Static morality becomes dynamic. “Hence, between the first morality and the second, lies the whole distance between repose and movement” [p. 49]. Morality no longer expresses duty alone, it is not limited to mandates and prohibitions. Its positive aspect comes to fore, and challenge becomes its driving force. This prevents the world from going round in circles. “Current morality is not abolished; but it appears like a virtual stop in the course of actual progression” [Bergson 1974, p. 51].

Privileged individuals lead humanity out of the closed circle, out of the state of moral repose. They break the circle of static morality and draw the society after them, marking the path to an open society [p. 66]. Ultimately Bergson describes this in the following manner: “Never shall we pass from the closed society to the open society, from the city to humanity, by any mere broadening out. The two things are not of the same essence. The open society is the society which is deemed in principle to embrace all humanity. A dream dreamt, now and again, by chosen souls, it embodies on every occasion something of itself in creations, each of which, through a more or less far-reaching transformation of man, conquers difficulties hitherto unconquerable. But after each occasion the circle that has momentarily opened closes again” [Bergson 1974, pp. 256].

Henri Bergson’s remarks are important to me because they highlight the importance of space-time for human activity. He underscores the difference between closed and open space-time. He also points out that forces closing and opening up space-time coexist in the social world. However, I see space-time primarily as social, while for Bergson it is primarily individual. For Bergson, what is individual can lead to what is social. For me, the opposite is true: what is social determines and reinforces what is individual.

A similar take on social space-time can be found in Nicolai Hartmann’s work [1953]. He believes that, while reality should be described in terms of both time and space, time is fundamentally more important because it is linked with individuality [Hartmann 1953, p. 25]. In contrast to the spatial outer world, the inner world of the individual, the world of consciousness, is non-spatial [p. 44]. Duration results from becoming. The world is not “finished”. Existence is not associated with an imaginary world of motionlessness, but

with the being of becoming [p. 28]. And becoming must be linked with singleness and uniqueness [p. 26]. Like Bergson, Hartmann sees space-time as something that results from what is individual rather than from what is social.

On the side opposite to Bergson and Hartmann are those thinkers who associate existence and duration with being, not becoming. This view is well expressed by the following remarks by Jean Guittou: "If we stopped to think how absolutely improbable such stability in perfection is, we would be brought, by an irresistible reversal, to assign the attribute of eternity not to the moment of perfection but to the process of perfecting. We would raise history and historical development to the dignity of primary reality. Yet if this doctrine were intellectually accepted, it would be tenable only under difficulties, for, by annulling the idea of truth, it would, like all forms of skepticism, risk running away with itself. A process of becoming that has no aim other than a continual becoming, a truth that is destroyed by virtue of endlessly surpassing itself – are such tenets thinkable?" [Guittou 1966, p. 34]. So what we are holds primacy in time, before that which we become. And thus the essence of time does not consist in the subsequence of phenomena. True existence is only accessible to man through an escape from becoming into eternal temporality. Thus the social (human) space-time would become homogenous and universal, closed in the sense of being eternal and eternalizing.

Such philosophical considerations have their practical consequences. To illustrate this, I will analyze Krzysztof Obłój's position [2017] on the role of time in shaping company strategy. He states that "a strategy is a set of key choices in time and space" [Obłój 2017, p. 125]. This is an important thought. To explain it, we need to break it down and interpret its components: a (I) set of (II) key (III) choices (IV) in time and (V) space. The easiest for me to address are "time" and "space" as these two components can be approached as social space-time. And if so, then Obłój's "key choices" are made in a particular space-time. And here the first doubt arises: is a given social space-time also the object of key choices or not? This is unclear.

The three remaining components also raise questions. What does "key choices" mean? Is their objective or subjective reference relevant? What do they pertain to and/or who makes them? "Set" also requires interpretation: what or who defines it? It is also important to understand "choices": who makes them and what do they consist in? Is it about choosing between the available alternatives or agreeing on a satisfactory solution to a previously identified situation?

It seems to me that answering the questions formulated in relation to the components "set", "key", and "choices" requires a prior determination of whether, in the case of a "strategic choice", we operate within a particular social

space-time, or whether this choice applies to the space-time as well. I am in favor of the latter interpretation. Making a “strategic choice” also includes defining the social space-time in which we act. The remaining components of Obłój’s definition thus acquire a certain connotation. The “set” cannot be treated as a manual containing an orderly and closed list of recommendations, but as a system of logically related general rules of conduct. The choices are “key” because they relate to the basic functions of a particular organization (social system). “Choices” themselves consist in reaching agreement among the main actors/decision-makers on their joint long-term actions, and they pertain to both the operational and the axiomatic order of a given organization (social system).

Such an interpretation of Obłój’s thesis (definition) is, in my opinion, legitimized by another important remark from the same text: “Thinking about and discussing the past of the organization and the decisions shaped by that space-time must be part of every process of constructing a strategy, changing the business model, and considering the possibilities and limitations of building companies that are more concerned with ideas and less with business for business’s sake” [Obłój 2017, p. 127].

The social space-time of economic activity

If we wish to understand social movement, we must capture its moments. These are not turning points. Rather, they are points where different forces converge, collide, and clash. These are situations where a countertrend to the dominant tendency, a counterforce to the primary force, appears, knocking social movement out of its previous trajectory. A new direction appears, a new trajectory. Therefore, this kind of movement is well illustrated by a spiral. And again we are dealing with both emergence and contingency. Emergence because at a certain point a counterforce emerges, which has existed in potentiality without yet revealing itself; contingency because the result of the clash between the counterforce and the dominant force is unpredictable. Moreover, many different counterforces exist in potentiality. Whether some of them reveal themselves at any given moment is also a resultant of what was possible, but not necessary.

A clash of opposing forces does not lead to a unity of opposites. There is no merging here, no creation of an equilibrium. One state of imbalance is replaced with another state. What is new is not a synthesis or a consensus: it is a resultant. It is not a bifurcation, a turning point that diverges anew, but another trajectory of inevitable movement, a modified dynamic system of various

forces, which, remaining in a state of stable imbalance, are bound to one day collide again and launch the movement onto a new trajectory. Thus defined, social movement has no goals of its own, it does not head for any point of destination. The goals are set by the social actors, and it is they who trigger the forces that are driving the movement. However, this does not mean that all goes in accordance with their wishes.

Market competition does not exclude collaboration. To some extent it even stimulates collaboration but it is primarily concerned with spurring the struggle for dominance, which destroys collaboration. Digital technologies allow us to share social communication (social media). However, in the current market model of capitalism, they primarily lead to the objectification of both the consumers of goods and services and their producers. It would be a mistake to ignore the positive aspects of competition and digitization. But it would be blindness not to appreciate the associated risks. Risks that are exacerbated by transactional and opportunistic market play but can be attenuated by turning the market game into a relational one (see Chapter IX).

It seems that this issue should be approached from two perspectives. On the one hand, from the outside looking in, and on the other – from the inside looking out. The former allows us to recognize the level of a given structure's internal resilience. Every company is exposed to external pressure and shocks. Resilience to the resulting blows is a function of the ability to react/adjust. In the combat that is competition, blows are unavoidable, but can be absorbed. On the one hand, this depends on the organizational and managerial efficiency of the company, and on the other – on the adequacy of its resources, i.e., various types of equity capital and strategic reserves. High levels of resilience are achieved by well-organized and functioning enterprises, whose management is able to identify and correct the inevitable internal dysfunctions in a timely fashion. Another component of resilience is the ability to revitalize a segment of a specific economic structure devastated by external shocks. Fostering resilience consists in adopting a responsive orientation that is based on past experience.

The perspective from the inside looking out enables us to assess our ability to take up the challenge and face the competition. This ability reflects the company's economic strength. The key issue here is the source from which this strength originates. In opportunistic companies it is derived from the scale of operations, capital, and profit as well as from ruthlessness of conduct. In Firms-Ideas, economic strength comes from productivity, defined as the ability to produce a larger supply of goods and services with the current level of use of various resources and/or to produce the same supply of goods and services while using less resources.

In this approach to economic activity, each internal problem within the organization has its external reference. And each external reference must be associated with addressing a specific internal problem.

Of course, resilience and productivity should not be treated as opposites. They are two sides of the same coin – two parallel dimensions of security. How they can be reconciled is well-exemplified by the stories of cities that had suffered great natural disasters but were able not only to rebuild, but also to transform and grow. One such example is Wrocław after the great flood of 1997, another is New York after Hurricane Sandy in 2012. Their recovery from cataclysmic damage was associated with the transformation of the urban tissue, described as “rebuilding by design”, which combined protection with sustainability.

Opportunistic companies are not overly concerned with the issue of productivity because their dominant perspective is the short term. They only deal with a short section of the economic process (circulation) – the one in which the financial result of the current transactions is decided. Their participation in the economic circulation is focused on transactions and results. They consider only those things that yield quick profits to be good and right. The rest is a burden that is best passed on to others, without regard for the consequences. And in this sense, they engage in linear economic activity in which only their own profits count while the resulting losses incurred by others are ignored in reflection and calculation.

For Firms-Ideas, the longterm orientation is dominant. They cannot underestimate the cost-revenue relationship, they must pay attention to profit and loss accounting, they must promote day-to-day efficiency. However, what matters for their development is not only results, but also the way these results are achieved. Focusing on the future and development, they cannot ignore the broader view of the economic process (circulation) that encompasses the productivity of resource utilization. Otherwise, their economic activity would not be sustainable. They do not neglect the accounting of their profits and losses and strive to achieve an operative surplus, which allows them to strengthen their resilience and continue their activities, but they are primarily concerned with resource accounting and with multiplying their developmental potential by systematically improving the productivity of their production process. Their activity is consciously circular, resulting in a value production process that involves transforming resources into assets to produce goods and services and place them on the market, but also includes activities aimed at restoring and multiplying the resources they need as well as at generating new types of resources.

In modern times security must come from the combination of resistance and development. It cannot be understood as it was – statically and only in terms of taking precautions. Security comes from the ability to face threats and challenges. On the one hand, it is the ability to neutralize risk, but on the other – it is the ability to transform. Thus, security is a derivative of the way in which a given community's space-time is shaped.

The modern world is changing rapidly under the profound influence of globalization, financialization, and digitization. The overall scale of uncertainty and threats is greater than it used to be, as indicated by the annual report on global risks prepared at the World Economic Forum in Davos. Its 2018 edition identifies the following top five global risks in terms of likelihood: (1) extreme weather events; (2) natural disasters; (3) cyberattacks; (4) data fraud or theft; and (5) failure of climate-change mitigation and adaptation. This message has been repeated systematically for years, which is a warning signal in itself: global risks are growing and we are unable to find adequate answers.

The problem of the modern market economy is that its shocks occur with increasing frequency and intensity; the values of their variables are becoming more extreme. This means that the resilience of economic organizations and structures is being tested with greater and greater severity. This makes their ability to boost their potential and transform it into economic strength by raising their productivity all the more important.

Both risks and crises are, in a way, opportunities for development. This does not mean that a crisis should be allowed to happen, but if it does happen, it should be overcome in a way that results not only in survival, but in the achievement of greater resilience and developmental capacity. The goal of collective action should no longer be the gaining of a short-term advantage over competitors, but the achievement of developmental subjectivity. If a competitive advantage serves this purpose, then it should be sought, but the point of competition is to develop, not dominate. It is therefore worth considering what is more important: to destroy and subjugate one's competitors or to form one's own network of partnerships and coproduction of values in order to withstand competition? The most important thing for achievement of the latter goal is to make creative (innovative and productive) use of one's own as well as common potential.

Shaping social space-time – exemplified by farming

The shaping of social space-time consists in forming certain roles and relationships. Customers and consumers act one way, while manufacturers and

entrepreneurs act another way. The former focus on the here and now. They have no long-term motivation. *Kairos* does not concern them, they live in *chronos*.

The significance of this distinction can be exemplified by the European farmers. The key question is: who are farmers in socioeconomic terms? Are they recipients of direct payments or entrepreneurs? The answer has a fundamental impact on the functioning and development of rural areas. If the former is true, land is primarily a source of ground rent, which means that it has to be preserved and somehow maintained, but there is no motivation to use it productively. If the latter is true, the motivation is obvious. However, the question arises whether there are appropriate socioeconomic conditions for farmers-entrepreneurs to decide how the countryside should be run. Such conditions exist if – while cultivating the land and producing agricultural raw materials – they are included in an open economic circuit centered around food production. This circuit must have its local loop, but it is presently too small to generate an appropriate level of income. It must, therefore, be part of a wider loop involving the inhabitants of larger cities, or even better, foreign markets.

This local loop should not be limited to the production of agricultural raw materials and food – it must also include the production of other goods and services. The center of their production does not have to be the village itself – it may be located in a town nearby. What matters is both the production process itself, which requires various types of resources and goods that a farmer does not have or produce, and the fact that the farmers-entrepreneurs and their families have non-economic needs and aspirations as well. If these are not met at a satisfactory level, the farmers will not continue their activities, and even if they do, these activities will be stunted and will not lead to development. In agriculture, productivity and quality of life meet and reinforce each other; they are components of a single developmental spiral.

In order to be pro-productive, the local economic circuit (small loop) cannot be driven by transactions alone. Consumption alone does not offer economic strength and does not lead to development. The scale of transactional turnover is not a deciding factor, especially because it is subject to strong economic fluctuations. The economic tissue formed by these fluctuations is never durable and as such will not prevent the draining of rural resources.

Development must be driven by a division of labor based on lasting relationships, on developmental partnerships, taking on the form of a local archipelago. Such an archipelago is not only a network for making transactions, but also for coproducing value; it is a cluster of productivity. A network is not yet an archipelago. A local archipelago should also search for links with other local archipelagos in broader economic loops, and its individual islands should seek links with other, more distant archipelagos.

One of the possible and useful forms of ownership and organization for local food production clusters seems to be the agricultural cooperative. Cultural heritage can be used well to this end. In any case, there is a need for organizational forms that make it possible to tap into the dispersed and disorganized local knowledge (tacit knowledge) and to generate it consciously. This includes the knowledge of unique local recipes, practices, and technologies.

It is also important to keep in mind that villages and cities are connected by more than the exchange of goods and services. They are also linked by many other, less overt ties. Examples include water and energy management. Cities and villages are connected not only by economic networks but also by physical and environmental ones. The shape of these tangible and intangible networks significantly affects the development of both the village and the city. Therefore, it makes sense to consider these relations in terms of territorial justice, understood as participation in a single developmental spiral. This applies not only to small towns – local centers, but also to large cities and metropolitan areas.

The economic existence of a village depends on the productive use of land. Land is the primary resource, and the way it is used determines the rural space-time. Time and space have a special, particular connection with agricultural land.

The land in the countryside is primarily intended for the production of food. This type of economic activity encompasses a vast spectrum of raw materials and – obviously – can be successfully combined with the provision of various services (related to tourism, catering, culture, health, etc.). Without this, the village becomes a reservoir of land for the urban population and will become urbanized, losing its independence and subjectivity. It will literally become colonized and absorbed into linear activity and exploitation. Money can be made from this, but productivity will be eradicated. Therefore, the deagrarianization of villages must be stopped.

The other side of this unfavorable phenomenon is the sprawling of cities, which is definitely detrimental to the cities themselves. This is yet another reason to adopt and respect the concept of territorial justice, i.e., to form a common and open rural-urban social space-time. Creating a positive developmental interdependence in this arrangement is in the interest of the cities and their inhabitants. It will result in, among other things, the reduction of household running costs.

The danger of the progressing depopulation of many small and medium-sized Polish cities leads us to conclude that, at present, it is not the future of the villages that depends on the cities, but vice versa: the future of the cities, especially small ones, depends on rural development.

Conclusion. Understanding economic circulation

Economic activity is a movement of various trajectories and loops. The shorter ones are easily discernible and controllable. The longer ones are not, because we are dealing here with complexity that implies emergence. Such loops do not lead to the starting point, they do not form circuits that are closed but ones that are open in spatiotemporal terms. This broader and more perplexing circular economic circuit does not follow fixed trajectories. Their shape is essentially spiral, not circular. There is no going back to what was before. Each rotation of the spiral creates a new social situation, a new balance of power. It is a transition to a different state of imbalance. Spiral dynamics are not governed by cause and effect but by contingency.

Economic circulation is driven by interactions between market participants and by the transactions they conduct. And in this respect it is governed by cause and effect. Economic activity would not be possible on a larger scale without movement that stimulates the market and market transactions. Movement triggered by acts of exchange is constituted by the flows driving the current of economic activity. However, if this is the sole focus of the market participants, then their economic activity becomes linear and focused on the short term, ignoring the fact that the economic circulation is actually much broader. It is as if we only saw the Moon circling the Earth while overlooking the fact that the Earth is part of the Solar System, and the planets circulate around the Sun. This wider circulation is driven not only by transactions as such, but also by the lasting relationships between the economy's participants, which are in turn derived from the participants' economic imaginary, formed in a specific social space-time. And the social space-time is constituted by common resources, the joint responsibility for their maintenance and multiplication, and the common imaginary.

In a narrowly-defined economic circuit (short loop), a particular activity has its motives and causes, but in the case of the broader circuit (long loops), actions drive their own causes over time. Market participants may not be aware of this, but the lack of such awareness makes them blind them to the consequences of their actions and the functioning of a particular form of market economy. These consequences accumulate spirally, dragging the economy either up (development) or down (regress). The social space-time of economic circulation can be shaped in such a way as to promote development, not regress, but this requires axionormative discourse aimed at the formation of a specific axionormative order and economic imaginary.

A closed social space-time is a space-time of exploiting available resources, a space-time of use, in which joint responsibility disappears. An open social

space is a space-time of producing resources, in which joint responsibility is accepted. Overexploitation of resources cannot be prevented in a closed space-time, as its overwhelming focus on the present causes joint responsibility to wane. What matters most is return on capital.

In every economic activity, synchrony (functionality) and diachrony (development) converge. And the way they converge depends on the social space-time in which this happens. Emphasis on synchrony leads to closing the space and shortening the perspective. In contrast, emphasis on development opens up the space and broadens and extends the perspective. Closing the space-time is usually associated with emphasis on the material (technical) side of economic activity. In turn, opening it up leads to changes in social relations. And the latter are not possible without creating a new economic imaginary. Every economic structure should be regarded from these two sides, considering the sources of both its functionality (i.e., efficiency) and its development (i.e., sustainability). Security depends on the way in which the physical (material) and social aspects of the space-time are interconnected in a given structure. But the structure can never be preserved, it always evolves. In the face of uncertainty and growing risks, such a transformation must be more intense, which makes the need for axionormative discourse and revision of the dominant imaginary all the more pressing.

Homogeneity of a specific community facilitates its efficient management as well as (though not unconditionally) its functionality, but it also inhibits development and transformation. Moreover, even the most efficient homogeneous teams grow old, and dysfunctions that cannot be remedied from the inside emerge over time. Heterogeneous communities have more capacity for adaptation and development. They do better in times of crisis and are more innovative because the social source of innovation is the creation of a new cognitive perspective, a different view of what is and a different narrative of what can be.

In the paragraphs above, I used such terms as 1) “movement”, 2) “circuit”, 3) “circularity”, and 4) “spiral” to describe various forms of economic activity. Efficiency is associated with the first two; productivity requires the third one, and provides the fourth one with a developmental vector. The first two forms of economic activity are based on technology and transactionality. They can be seen as a kind of technological sequence that can be managed objectively and parametrically. Object-oriented, parametric control can offer efficiency, but never innovation. Innovation takes place on the outskirts of an open space-time.

The third form of economic activity occurs within a specific socioeconomic system and its maintenance requires regulation. The fourth cannot be designed; it emerges when a particular economic imaginary is adopted as a result of axionormative discourse. Destruction of normativity precludes the emergence of developmental circularity.

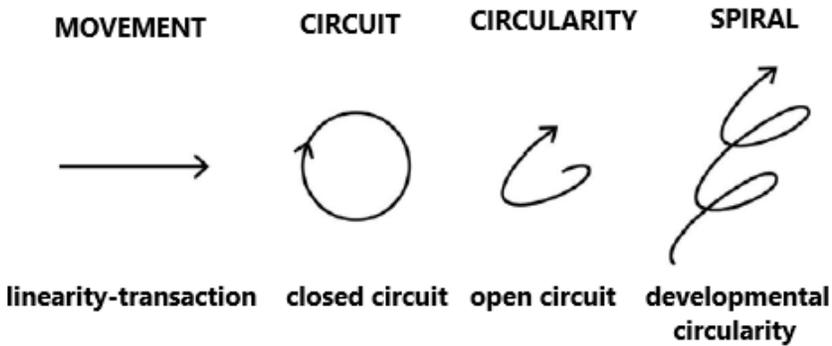


Figure 9. Forms of the social space-time of economic activity.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

If we fail to notice the existence of the open, spiral movement of the economy, then our efforts associated with the first two forms of economic activity will produce unexpected and undesirable effects.

I have the impression that this thesis fits well with the currently hot topic of electromobility. Focusing only on the technology and its applicability, while neglecting the systemic and axionormative perspective, will at best lead to a situation wherein the technology will generate additional costs and risks without contributing to solving important social and economic problems in any significant way. At worst, its top-down imposition may inhibit the implementation of other, more appropriate solutions, e.g., regarding public transport.

In my view, a limited cognitive perspective focused on things and technologies has now dominated the concept of circular economy, which is sometimes interpreted as conducting economic activity within a closed circuit. The proponents of this fashionable orientation focus their interest on designing technical systems, technological chains. The social and economic system within which this closed circuit is to function escapes their attention. Solutions thus introduced prove to be costly and unproductive, though they may indeed be profitable for the companies that design and implement them. This socioeconomic perspective, despite its advantages, is insufficient. The reference point should be development, understood as productivity and sustainability resulting from specific social relations, and the balancing of the influence of various subjectivized social forces. Productivity is the essence of developmental circularity.

The first two forms of economic activity are based on profit and loss accounting, the other two – on the accounting of resources. Productivity is measured by the value of goods and services produced, efficiency – by the value of financial assets. The pressure of efficiency leads to wasting resources.

In order for development, which is a resultant of various influences exerted by many different actors, to become, these actors must to some extent orient themselves towards the future, and not only towards the present. This means that they must project their (co-)responsibility into the future. Otherwise all that is axionormative disappears. Axiology becomes homeless. It only makes social sense if we produce time. When it becomes *kairos* for us. If the community is unable to seize *kairos* and take up the developmental challenge, it loses the basis of its responsibility and ethics. Good will not be produced, even if we are able to produce many different goods.

As can be seen from the considerations presented above, my preferred conceptualization of the social space-time is a spiral with its curved trajectory, which brings my approach closer to the contemporary vision of physical space-time.

CHAPTER VII

THE DOMINANCE OF THE OPPORTUNISTIC AND TRANSACTIONAL MARKET GAME

Introduction. What we can learn from the example of Goldman Sachs

“**W**hen technology and ideology start moving apart, the only question is when will the ‘big one’ (the earthquake that rocks the system) occur”. This quote comes from a prophetic work by Lester C. Thurow on the future of capitalism, published in 1996 [Thurow 1996, p. 326]. Our experiences of the first 20 years of the 21st century confirm the profound depth and brilliance of its author’s intellect.

The quote above refers to the capitalist system in global and macrosocial terms. I believe that it can also be successfully applied to companies. To justify this belief, I will present the example of Goldman Sachs, one of the largest financial organizations in the world, using the description presented by Sławomir Lachowski [2013, p. 134–136].

The Goldman Sachs bank, established in 1869, incurred losses in terms of both capital and reputation during the Great Depression. The rebuilding of its position is linked with the long presidency (1928–1969) of the legendary Sidney James Weinberg. He was the one who formulated and implemented the principles of the bank’s operation, which can be described as follows: 1) the interests of the customers are paramount and placed above the bank’s; 2) integrity and honesty are key; and 3) the pursuit of excellence

and professionalism applies to every employee. Thus, we are dealing with clearly defined axionormative foundations of business activity. What happened later (and became especially apparent in the first decade of the 21st century) indicates that Goldman Sachs' identity underwent radical changes. This was confirmed by Greg Smith – one of the former directors of the bank – in the article “Why I Am Leaving Goldman Sachs” published in 2012 in *The New York Times*. Among other things, he mentioned “the decline in the firm’s moral fiber”, stating that “the interests of the client continue to be sidelined”, while the company cares “only about making money”. And further on: “I attend derivative sales meetings where not one single minute is spent asking questions about how we can help clients. (...) It makes me ill how callously people talk about ripping their clients off” [Smith 2012].

Goldman Sachs did not really go bankrupt, even though it did so both in economic and moral terms. It proved to be too big to fail. Interestingly, the government’s defense of the banks against the consequences of their own actions was coordinated by Treasury Secretary Hank Paulson – former Goldman Sachs’ CEO. Lachowski comments that “this allowed the bank to overcome its troubles, and in the following years Goldman Sachs started to make great money on the problems that the other banks were facing, as well as on the financial crisis to which it strongly contributed” [Lachowski 2013, p. 135].

What does this example demonstrate? Firstly, that Goldman Sachs at some time point discarded its axionormative principles, abandoned its idea and began to conduct its operations in a strictly opportunistic manner. It made full use of new information technologies and product innovations (derivatives) that facilitated such activity. The bank’s president, Lloyd Blankfein, declared before a committee of Congress that the bank was “doing God’s work”; perhaps he meant advising the Greek government on how to conceal their debts and avoid bankruptcy.

As we know, the economic result was disastrous. The bank evaded responsibility, but others paid for it. And this makes Thurow even more right. The problem concerns the whole capitalist system, even if its source is at the level of economic organizations.

Secondly, the current functioning of the capital market indicates that the lesson has not been learned. Lachowski [2013, p. 133] states that, despite the outbreak of the global financial crisis, neither moral hazard nor internal conflicts of interest have been eliminated from the activities of banks. The attitudes and behavior of their managers are the same as they were before the crisis.

Shortsightedness as a distinguishing feature of the modern economy

According to Luc Boltanski and Ève Chiapello [2005, p. 71], from the 1960s onwards, the ideal company has been supposed to be a flexible organization able to “ride’ all ‘waves’” and adapt to every market change. The organization of production has been modelled after Toyota’s just-in-time model, in which the elimination of stocks and their storage leads to reduced costs and exerts additional pressure on workers as a result of injecting the pressure of demand directly into the plant itself [Boltanski, Chiapello 2005, p. 73].

As mentioned earlier, saving time has become a measure of efficiency. The immediate result of this is the shortening of the management horizon, leading consequently to the introduction of all sorts of solutions that maximize the current financial result. This was one of the main motives behind the emergence of various forms of financial capital. Luc Boltanski and Arnaud Esquerre [2015, pp. 181–183] address this, considering the significance of social space-time for the value of economic goods. In the case of financial assets, key economic importance is assigned to their liquidity. When things are treated as assets, their capitalization, i.e., the realized value of the future return on capital, is situated on the axis of time in a peculiar manner. In general, we are dealing here with “presenting the future”. Banking credits are situated in a different order of time, as they represent “futures of the present”, both on the part of the lenders (preferring to lend and wait for higher returns in the future) and on the part of the borrowers (preferring to invest rather than consume in order to have more in the future). In both cases, we are dealing with the space-time of Schumpeterian entrepreneurship.

Orienting economic activity towards “presenting the future” became widespread during the neoliberal revolution. An extreme manifestation of this was the solution introduced by Enron, known as “mark-to-market”, which made it possible to record projections of profits from signed contracts under current results and book values. However, this form of creative accounting, allowed by the American regulators, proved to be a sign of their lack of imagination and responsibility. The scale of adverse social and economic consequences of this practice is well illustrated by the energy crisis in California (the richest state of the world’s richest country) caused by Enron’s actions.

The risks arising from this are compounded in the digital economy, where “realtime economy” is becoming the ideal. This does not pertain only to online activity, but also to activities in which what is potentially supposed to happen is considered real. This could be exemplified by a business model in which trucks are sent to deliver goods before the order is placed. Anticipation in this case

would be based on the analysis of large datasets and optimization accounting. Such an activity would be algorithmized, i.e., performed without reflection. As is the case with most routine transactions on financial asset markets. Wojciech Cellary [2019] sees this as an area where artificial intelligence could be applied. At the same time, he stresses that, when dealing with a neural network consisting of thousands of nodes and trained by petabytes of data, it is practically impossible to ascertain the reasons behind its mistaken results. Consequently, it is impossible to determine who is responsible for the errors committed by an artificial intelligence.

Enthusiasts of digital reality disregard these risks, even if their descriptions of its impact are accurate. One example is Kevin Kelly [2016], who states: “Some have adopted the perspective of believers in a Singularity who claim that imagining the future in 100 years is technically impossible. That makes us future-blind. This futureblindness may simply be the inescapable affliction of our modern world. Perhaps at this stage in civilization and technological advance, we enter into a permanent and ceaseless present, without past or future. Utopia, dystopia, and protopia all disappear. There is only the Blind Now” [Kelly 2016, p. 14]. And yet, he claims that “a free AI, like the free commons of the web, would feed commerce and science like no other force we can imagine and would pay for itself in no time” [p. 29]. And he illustrates the usefulness of artificial intelligence with its ability to manage financial assets; things that a professional money manager might do once a year, it can do every day, or even every hour [p. 35].

Many stock exchange operations have already been automated. This offers immediate benefits to the players, but, as a result of their herd behavior, it compounds the risk of a market crash and collapse of the financial system. Mark Blyth [2011, p. 93] provides an apt description this situation, emphasizing that, by hedging against market risks and shaping their portfolios on the basis of value at risk (VaR) analysis, banks consequently make their asset portfolios increasingly similar. From an individual perspective, their behavior is rational, but on the whole, it creates a collective and systemic threat that result in catastrophe in the event of non-standard risks and shocks.

Andrzej Sławiński presented a sharp portrayal of contemporary capital markets, and the functioning of the banking system in particular [2019a, pp. 25–29]. “The effect of the chronic excess of savings in the corporate sector is the permanently low level of interest rates, which intensifies the temptation for financial institutions to increase leverage and take more risks. The scale of excessive risk taken by financial institutions remains unknown, as this is largely done in the poorly supervised shadow banking sector” [Sławiński 2019a,

p. 26]. Sławiński underscores that vast financial conglomerates have shown that they are not only too big to fail, but also too influential to be changed. Their activity constantly generates systemic risk which cannot be eradicated.

This is in line with Janis Warufakis' reflection [2017, p. 14] based on his personal experience as the Greek Minister of Finance. Having negotiated with representatives of the largest financial institutions, international economic organizations, and governments of the largest economic powers in order to come up with a relief program for his indebted country, he came to the following bitter conclusion: "(...) blind faith that the remedies to this crisis will spring from those same broken down networks, through the normal operations of insiders, struck me even at the time as touchingly naive" [Warufakis 2017].

Another example of putting AI to work, delivered uncritically by Kelly [2016], is "cognified marketing", which can optimize the practice of grabbing the customers' attention and yield higher returns for every dollar spent. This is already happening and leads to pointless consumption and exploitation. Astounding blindness, which can only be explained by the fact that Kelly completely ignores the actual distribution of profits and losses resulting from the spread of the digital economy model.

This brings to mind Erich Fromm's observation that marketers are modern-day sophists, which he illustrated by quoting Plato's *Protagoras*: "Knowledge is the food of the soul; and we must take care, my friend, that the Sophist does not deceive us when he praises what he sells, like the dealers wholesale or retail who sell the food of the body; for they praise indiscriminately all their goods, without knowing what are really beneficial or hurtful" [Fromm 1961, p. 3].

Apt remarks concerning the risks of digital economy (and the industrial revolution 4.0) can be found in Wojciech Paprocki [2017]. He emphasizes that the operators of large digital platforms have managed not only to dominate their competition (winner takes all), but also to make their users heavily dependent on their products, practically depriving them of their freedom of choice – even if the users recognize the threats related to a particular application, they are forced to use it in order to stay online. The users provide the operators of digital platforms with vast amounts of unstructured data that allows the operators to generate information that facilitates the process of making the users dependent. This is what "cognified marketing" is all about.

Now we can see clearly how different the space-time of Schumpeterian entrepreneurship is from the one generated not so long ago by companies like Enron and now Amazon. Digital platforms are trying hard to lock their suppliers and customers in the space-time of the present and to deprive them of the ability to move in spaces other than the web created and controlled by these platforms.

Financial managerialism and the concept of the company

Financial managerialism has become rampant in modern technological enterprises. They are becoming machines for making money, but the spirit of Schumpeterian entrepreneurship is waning. Among the reasons for this state of affairs are the regulatory changes made during the neoliberal revolution which shaped the company model based on shareholder value. In this model, the capital market is the primary point of reference for companies, and their managers are rewarded primarily with shares. As a result, the remuneration of CEOs has increased dramatically. The spread of this model and its market dominance created the economic grounds for the outbreak of the global financial crisis [Vitols, Kluge 2011].

The economic rationality of this company model is based on three fundamental assumptions: 1) there is a competitive market for equity capital; 2) managers' interests are aligned with shareholder interest; and 3) there is a set of institutions ("gatekeepers") keeping the system honest [Vitols, Kluge 2011, p. 17]. The global financial crisis has clearly demonstrated that these assumptions are nothing more than pious hopes, while the reality is dramatically different. Also because share price is only poorly correlated with company performance, which is especially true for the largest companies. Most institutional shareholders are short-sighted and passive. Abuse on the part of managers trying to boost their remuneration is widespread and is not effectively prevented by regulators or rating agencies [Vitols, Kluge 2011, p. 18–19].

Most importantly, however, contrary to the assertions made by the advocates of this model, it does not lead companies to focus on long-term value production but, on the contrary, reinforces their short-term opportunism and financial/transactional orientation. Financial institutions have responded by offering increasingly complex financial products, triggering extremely strong levers uplifting the value of financial assets. The introduction of these products makes financial markets more liquid but also introduces an additional source of fluctuations in the value of assets. Some of them, e.g., ETNs (Exchange Traded Notes)⁴, can decline in value by as much as 95 percent within a single day. The capital markets thus features large segments

⁴ ETNs (Exchange Traded Notes) – debt securities (like government or corporate bonds) issued by the world's largest banks (Barclays, Deutsche Bank, Goldman Sachs, Morgan Stanley, UBS, etc.), replicating the price of certain exchangetraded commodities, derivatives based on exchangetraded commodities, or indices reflecting the prices of exchangetraded commodities.

of assets whose price fluctuations are so pronounced that this cannot be offset or adequately protected against. This has become a major contributing factor for unstable imbalances, which can be generated more frequently and rapidly. Such economic circulation cannot serve to increase potential and growth. It is simply a manifestation of a robbery economy. And, unfortunately, its scale continues to grow.

Sigurt Vitols stressed [Vitols, Kluge 2011, p. 33] that an analysis of the turnover of shares of large companies (e.g., German DAX 30) showed that the average holding period for shares of the largest companies amounted to less than a year. And many of these companies turn over their portfolios of assets several times within a single year. It is clear that their economic outlook is short-term and opportunistic. This attitude increases the share of short-term investors, especially hedge funds, in large companies. They are able to exert effective pressure on company boards to engage their companies even more strongly in the asset game. As a result, companies have become like products; they have become commodities.

The consequences of the shareholder value model shaped during the neoliberal revolution are comprehensively described by Lynn Stout [2016]. She calls this concept “the dumbest business idea ever”. It is based on the assumption that the most important people in businesses and firms are their owners, i.e., in the case of companies – the shareholders. The primacy of the shareholder has become a dogma in this approach.

The foundation for the concept of shareholder value was laid by Milton Friedman [1970] in an article under the telling title “The Social Responsibility of Business is to Increase Its Profits”. In this journalistic text, in which Corporate Social Responsibility was reduced to increasing profit, and which was later invoked by numerous acolytes, Friedman formulated the basic idea: shareholders are the owners and residual claimants of corporations.

Under the influence of this concept, multilateral regulatory changes have been carried out – first in the USA and then in other developed economies. Among other things, the “reform” concerned the remuneration of company boards, management practices, and company law. And all this to increase the influence of shareholders on the boards of companies and increase the interest of their managers in share prices.

In her article, Stout [2016] tries to demonstrate that the idea of a single shareholder value is intellectually incoherent and its implementation leads to adverse consequences – also for the shareholders themselves. In her opinion, this inconsistency results from the fact that Friedman did not recognize corporations as legal entities, which they are. And legal entities own themselves in the same way as people own themselves – there is no owner. Shareholders

possess shares, not the corporation – this does create a contractual relationship between the corporation and the shareholder, giving the latter certain rights, but these rights are limited. A corporation enters into various contractual relations with other parties (e.g., bondholders, suppliers, employees), which also gives them certain limited legal rights. And in this sense, shareholders are a specific type of stakeholders. It is a fallacy to consider them as owners of the corporation and to give them a special, dominant legal status on this account.

It is also erroneous, according to Stout, to attribute shareholders with the right to residual claims, understood as a legal claim on corporate profit. In this way, maximizing shareholder value was equated with maximizing corporate value, while in fact shareholders are residual claimants only when failed companies are being liquidated in bankruptcy.

Stout states that the third intellectual error, resulting from the first two, is to consider the corporation's directors as "agents" of the shareholders (who are their "principals"). This, in turn, results in simplified recommendations for corporate governance, which are encapsulated in three directives: 1) less power for boards of directors; 2) more power for shareholders; 3) motivation for the board of directors and CEO of a company should be based on linking their remuneration to the share price of the company [Stout 2016, p. 20].

The most important consequence of these intellectual errors is that the concept of shareholder value leads to the assumption that the primary task and purpose of managing a corporation is to increase the price of the company's shares as quickly as possible. And this must lead to the infringement of the other stakeholders' interests. At the same time, it leads to conflicts between shareholders of different kinds. These are not only individuals but also economic entities, including pension funds. Conflicts between the interests of such shareholders in a large corporation is obvious and inevitable. If the share price becomes the criterion of success and the aim of the corporation, then its board will favor the small subset of shareholders who – according to Stout – are most shortsighted, opportunistic, undiversified, and indifferent to ethics or others' welfare. This also determines the attitude of managers. Their orientation becomes short-sighted and narrow-minded. They succumb to opportunism instead of thinking about investing and undertaking long-term pro-innovative projects. They focus on current efficiency while disregarding productivity.

The macroeconomic outcomes of the corporate model based on shareholder value are vast and negative. This also affects the shareholders themselves. Stout states that they are currently experiencing the lowest investment returns since the Great Depression. At the same time, the number of publicly-listed companies has decreased by 40 percent, and the life expectancy of

Fortune 500 companies has dropped from 75 years in the early 20th century to only 15 years today. While in 1984, the share pricebased remuneration of managers in the 500 largest companies (S&P 500) was still close to zero, in 2001 it reached 66% [Stout 2012, p. 20]. While the average salary of a CEO of a large company in 1991 was 140 times higher than that of an employee, by 2003 this ratio had risen to 500 [pp. 20–21]. The problem is global because the corporations in question are global, and it is their actions that primarily contributes to the globalization of the economy. After all, they are the ones responsible for the flow of capital.

The results of an interesting study by Valentin Lang and Marina Mendes Tavares [2018, pp. 24–30] show that the positive effect of capital flows, associated with the stimulation of economic growth in a target country, can be offset by the exacerbation of income and social inequalities, which may in turn result in a financial crisis, increasing social imbalance even further. Therefore, the governments of countries to which the capital is flowing should take action to share the benefits of their global openness in a balanced way, especially in countries with low or medium average levels of GDP per capita [Lang, Mendes Tavares 2018, p. 34]. However, such actions should not be limited to income redistribution – they should also address the issue of access to education and cultural capital [p. 35–36].

The remarks and theses formulated by Stout undermine the economic validity of the business model based on the concept of shareholder value, as it does not promote productivity. Its dominant actors are only concerned with short-term efficiency. When they do use the concept of value or company value, then only in the narrow sense, restricted to profit and share price. Their interest in this model is purely financial.

While economics has consistently overlooked the issue of values, reducing it to market valuation, it is being constantly addressed in publications concerning management. One of the best-selling books in this category was Jim Collins's *Good to Great* (published in 2001). From its principles, it could be gathered that the author and his research team really wish companies to improve and grow, and not just earn money – it could be assumed that they are aware of the difference between doing things well and doing good things, between efficiency and productivity. However, the deeper we delve into the instruments propagated in this work, the more doubtful this becomes.

One of the American success stories discussed by Collins is Fannie Mae (Federal National Mortgage Association), a specialized private company providing loans and guarantees to financial institutions on the mortgage market. This is how our guru in the matters of “business values” presents the source of this company's financial success: “Fannie Mae grasped the subtle

denominator of profit per mortgage *risk level*, not per mortgage” [Collins 2001, p. 105]. To put it bluntly, while receiving support from the American administration (which included preferential taxation), the company whose purpose was to stabilize the mortgage credit market engaged in speculation, and the greater the risk of a given credit was, the more profits it reaped. It bundled risky mortgages into securities. It was thus involved in the creation of a huge speculative bubble on the US real estate market. Its bursting was the direct cause of the collapse of large banks and insurance companies, which triggered the global financial crisis. The result of the business practices glorified by Collins and others like him was that, on September 7, 2008, Fannie Mae was taken over by the U.S. government along with its gigantic debt. However, an investigation conducted as early as in 2004 had already revealed serious abuses in the company’s accounting system, which allowed the company to conceal the accrued losses while awarding high bonuses to its managers.

To comment on this behavior, let me quote the remark made by Ralf Fücks, who represented one of the largest German corporate foundations: “The separation of profit from value creation that has taken place in the financial industry corresponds to a separation of profit from accountability. This double isolation lies at the very heart of the financial crisis that has been breaking in wave after wave since the American real estate bubble burst. (...) It corrupts any corporate culture when managers responsible for losses caused by speculation are bid farewell with a golden handshake” [Fücks 2015, p. 289].

Opportunism as the character of the market game

Opportunism as the dominant orientation of companies leads to herd behavior. All the participants try to do more or less the same thing. This makes competition mainly about destroying the competitors and taking over their market position. This phenomenon can be described as market cannibalization. It does not pay to invest or build – it is better to capture what others create. Economic power is then based on acquisition and appropriation, instead of collaboration and benefit-sharing.

There is a simple excuse for this conduct. It was referred to, among others, by Marek Belka, who quoted a statement made by the president of Citi Group after the fall of Lehman Brothers: “As long as the music is playing, you’ve got to get up and dance.” Belka himself added that no bank will allow itself to act against the trend of others: “Even if one sheep realizes that stampeding together towards a cliff is a bad idea, it stands no chance within the herd. If it slows down its pace – it will be pushed; if it stops – it will be trampled by the others” [Belka 2016, p. 174].

This explanation, or rather excuse, obscures the picture because it ignores the fact that herd behavior was in the interest of bank managers. The opportunistic attitude of companies is strengthened and perpetuated by the system of remunerating their managers – a system based on paying horrendously high bonuses for current financial performance. This mechanism favors the type 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].

If the current model of the functioning of companies, characterized by shortsightedness and narrowmindedness (quarterly capitalism), does not change, then there will be no one to carry out the investments necessary for long-term development except for public authorities (the state). However, this is unlikely because, as stressed by Thurow [1996, p. 295], governments most often borrow instead of investing, to stimulate current consumption and gain voter support. Thus, they keep reinforcing the short-term orientation of companies and stimulate the opportunistic market game.

According to Thurow, the rapid shortening of the time horizon of actions taken by the governments of economically and democratically developed countries can be attributed predominantly to the end of the cold war, the budget pressures of the elderly, the influence of tabloid media, and the decrease in real budget incomes. In fact the high levels of debt provide evidence that the decision-making horizon is becoming negative [Thurow 1996, p. 297]. Governments are responding to what has happened and what is happening while paying less and less attention to the challenges of the future. Their behavior leads to a general decline in investment outlays, as the budget deficit, used to finance current consumption, reduces the pool of domestic savings.

The state’s negative impact on the level of savings and investments can also be indirect. A good example of this is the home equity loan, an instrument that Thurow considered to be one of America’s biggest economic mistakes [Thurow 1996, p. 301]. It is worth noting that he wrote about it years before the subprime loan crisis. His particular point was that, when such loans become widespread, people do not have to save money to live in their homes.

Thurow also postulated the following brilliant, synthetic thesis: “To some extent America is a low-savings society, since it is a low-investment society – not the reverse” [Thurow 1996, p. 302]. In his view, the direction of causality is not from greater savings to greater investments, but from the desire to make certain investments to greater savings. The functioning of contemporary large global corporations seems to confirm this clearly. Despite the enormous financial capital at their disposal, they invest little in production activities, instead focusing on multiplying their capital through active participation in financial market speculation.

Thurow concludes his insightful analysis by asking some fundamental questions: “How does a doctrine of radical short-run individualism emphasize the long-term communal interest? How can capitalism promote the values it needs to sustain itself when it denies that it needs to promote any particular set of values at all? Put simply, who represents the interests of the future to the present? (...) How is capitalism to function when the important types of capital cannot be owned?”. And he adds: “The pressures are building up within the volcano. (...) In periods of punctuated equilibrium, there are questions without obvious answers that have to be answered” [Thurow 1996, pp. 308–309].

Opportunistic companies operate in the present; wherever they can and now. To take advantage of every opportunity, they promote flexible rules of conduct. The operational dimension is crucial for them. Everything is to be subordinate to current performance. If results are lacking, top-down adjustments are immediately made to the organization, personnel, and tools. The essence of this approach was well captured by Jeff Immelt (president of General Electric in 2000–2017): “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, interests cannot be reconciled – due its short time horizon, the game cannot lead to long-term partnerships. Its participants condemn themselves to variable coalitions formed on an ad hoc basis. This does allow them to operate, but significantly hampers their subjectivity and development. They can grow, expanding their size and territorial scope, but this is merely expansion, not development. We cannot talk of development when the scaling of activities is not imposed on a timeline, when the future is neglected by the subjective imagination of the game’s participants. Their gravitational field is Newtonian by nature, meaning that they move along a certain trajectory that can be changed if they are knocked out of it by some external factor – but not through conscious choice. What matters most in their operation is flexibility and speed of reaction. This gives them a competitive edge in the market. They strive for perfection in this respect, but this also makes them lose other qualities important for development, such as perseverance and imagination. They function to the beat of economic fluctuations, adapting accordingly by expanding or reducing the scale of their activities. In the opportunistic game, being big helps, as it provides one with economic power and the ability to subdue others. When the winner takes all, small is not beautiful. However, when structural shock ripples through their economic sector, the opportunists become helpless – unless they have become too big to fail.

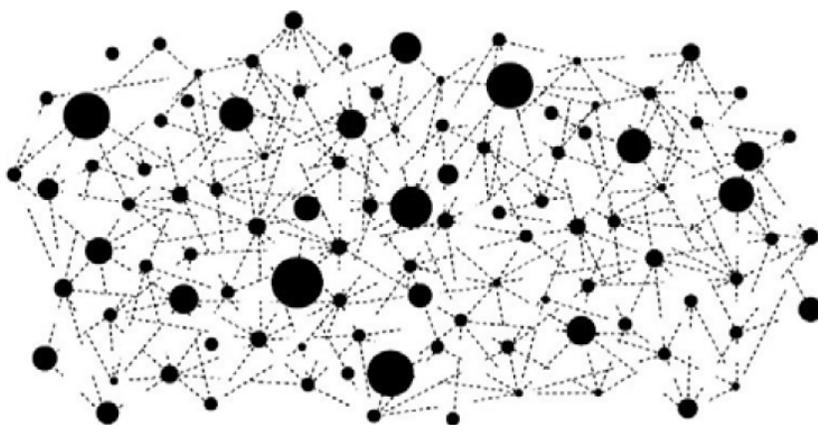


Figure 10. Gravity field of the opportunistic market game.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

The opportunistic game has no permanent rules. Each player bends them to their own benefit in accordance with the cynical principle: “You play as dirty your opponent allows”. This makes the game’s level of uncertainty high, generating additional costs associated with ensuring broadly defined security. Without trust, turnover security becomes expensive. Hence the attempts to pass the risk onto someone else. Ensuring one’s own security takes precedence, even at the expense of the system. In such a game, security means avoiding the cost of one’s own actions, i.e., avoiding responsibility. And often this is concealed beneath a facade of so-called corporate social responsibility.

Some believe that, since the economic game is opportunistic and short-term, the necessary long-term stimulation must come from the state and be induced by public policy. However, the extent to which opportunistic players are able and willing to respond to such signals remains fundamentally doubtful. If the signals come in the form of prohibitions (restrictions), the players will generally try to bypass or eliminate them. In turn, in the case of incentives, their economic impact is crucial – they will only work if adapting to them will yield higher immediate benefits than failing to do so. Such stimuli cannot change the opportunistic nature of the economic game. Therefore, their influence is very limited, which necessitates frequent induction of additional local corrective stimuli, increasing the opportunistic tendency even further.

This can be clearly observed when successive EU aid programs are being launched. They are intended to result in structural change, but in reality this is rarely the case. The more funds are allocated for innovation by public

administration, the less actual innovation and organic development takes place. Many national and regional governments dream of having their own Silicon Valley. However, more and more people come to believe – as did Josh Lerner [2012], the author of a book discussing the reasons for the complete failure of numerous attempts by public authorities to stimulate entrepreneurship and innovation – that the abundant aspirations to create another Silicon Valley are nothing but a boulevard of broken dreams.

We should finally understand that entrepreneurship and innovation develop only under the conditions of a specific and organic economic ecosystem which can only partially and gradually be shaped by public administration. Furthermore, this administration must be politically independent and highly professional. However, the basic component of this system is constituted by companies that have not yet become completely soaked in opportunism and remain open and able to cooperate with others. If the goal is development and not the preservation of a certain status quo, top-down action only makes sense if it coincides with corresponding bottom-up action.

In the clutches of marketing

The opportunistic orientation of companies is reinforced by the prevalent approach to marketing. Anna Giza summarizes it as follows: “Marketing begins and ends within the company, and the world at large is only a reference for its operation. This entails a specific perception of reality: human beings are seen as consumers, the society – as a collection of target groups, disposable income – as purchasing potential, while the quality of life is measured by the level of consumption and the quantity and quality of possessed goods” [Giza 2017, p. 8]. Modern marketing is no longer just focused on specific products or services; it becomes crucial to promote the company’s brand, but in such a way as that it attracts a community of consumers, loyal and devoted followers of the brand that is as wide as possible. The dream of today’s marketers is to create a “love brand”. Importantly, the aim is for its devotees to completely break other ties and crystallize into a community centered around their beloved brand. This is the job of community managers, representing a new but growing profession modelled after the role employed in communities of online gamers [Giza 2017, p. 9].

Marketing conducted in this manner is aimed at softening or even eliminating the consumers’ mechanisms of self-control. In particular, they are to lose the ability to manage the future – they are to live, i.e., consume, here and now, confined to the present. But it is not a present created by them, as this is being taken over by marketing professionals, striving to turn the consumers’

whims into their needs – solely for their sake of course. Giza also observes that “it is not just about instrumentalizing consumer desires: the very concept of needs is undergoing constant reinterpretation, evolving from tangible, material utility to emotional fulfilment” [Giza 2017, p. 80]. And further on: “Human needs are detached from the sphere of everyday practices, saturated with values and social relationships, and implemented into the economic sphere as isolated entities, considered from the standpoint of the exchange process” [p. 91]. Giza makes an apt comment on this, recalling a squib by Stanisław Jerzy Lec: “Everybody wants our good. Let us not let them take it away.” And the issue of protecting the privacy of personal data also comes into play because obtaining such information makes it easier to “seduce” consumers by converting them into big data. As a result, people are reduced to the role of consumers.

Brand marketing has now become a powerful lever for stimulating consumption, boosting the economy, and encouraging opportunistic economic play. This is its real function, though it is draped in slogans of corporate social responsibility and social value creation. It is tempting to recall the proverb “The Devil has dressed himself in vestments, and is ringing for Mass with his tail”. And his faith is democracy of consumption and equality of desire.

Marketing has contributed significantly to the creation of a specific field of business activity and functions in this field, permeating it and reinforcing its energy. It is well illustrated by the diagram developed by Giza (see Figure 11).

This field is constantly being activated by the opportunistic game played by transaction companies. However, there are more and more signs that the game has negative economic and social consequences, including, for example, the massive creditization of consumption and growing household debt. And this must lead to economic collapse, similar to that which happened in Greece. Another negative effect of this field is the dwindling pool of real and groundbreaking innovations, which are replaced by innovations that are only apparent, e.g., consisting in making solely superficial improvements to a product or service so that it can be labelled as “novel”.

Nevertheless, most companies continue to operate in this field. They cannot find a way out either because they fail to discover it, or because they simply forego searching for it altogether. They are often afraid to risk leaving the field, knowing that their competitors are lying in wait. It seems safer for them to stay put. They are unable to overcome the field’s gravity force. And they continue to hunt for opportunities and customers, even if their numbers are clearly diminishing. As a result, the weaker ones are pushed out or taken over, which is manifested in commerce by the growing dominance of retail chains, forcing manufacturers to sell under their own brand name. Their suppliers become factories for rent – allowed to continue their economic existence at

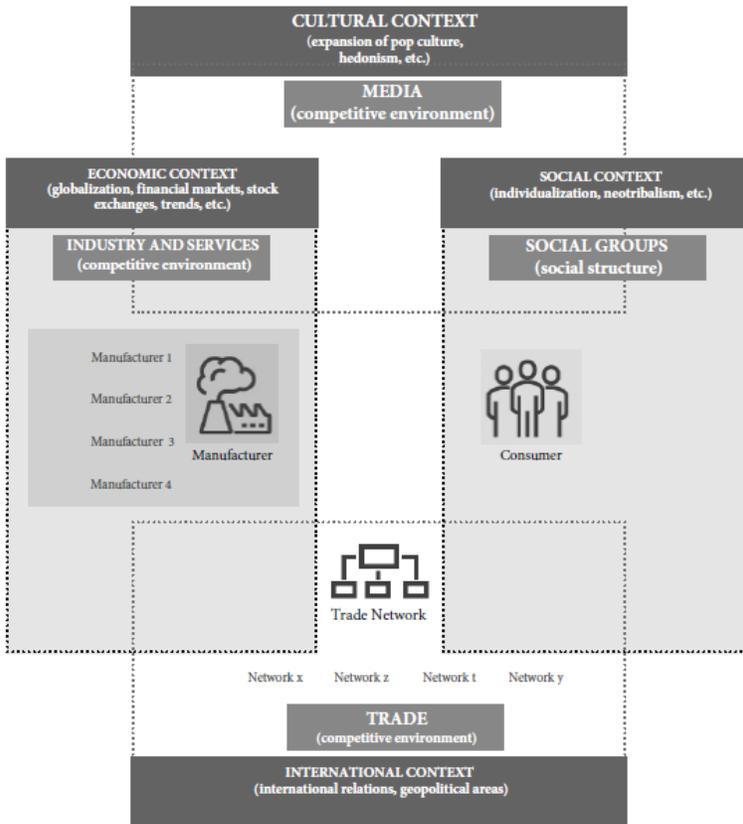


Figure 11. Marketing as a social system.

Source: Giza 2017, p. 50.

the price of becoming anonymous and ultimately losing their developmental independence and subjectivity. After all, they have no other choice. In this process, the gravitational field of transaction companies becomes a huge continent, escaping from which is extremely costly, especially as it continues to grow and reinforce its borders.

It is hard to expect marketing and its specialists to contribute to a fundamental change in the nature of this gravitational field since they have been shaping it for over a century. This would require other forces, other actors that do not acquiesce to losing their personality and subjectivity; ones who have not yet lost themselves, but on the contrary – actively strive to protect their autonomy, independence, and subjectivity, finding ways out of the field and establishing partnerships with like-minded others, shaping their own ideas of conducting business and the meaning of life.

The market economy has become globalized, and marketing creates global brands that must be universal across cultural borders. This pushes marketers to imbue brands with worldview content meant to express a certain philosophy of life [Giza 2017, pp. 109–111]. Consumers are meant to become its followers, and in order for this to happen, marketers assume the mantle of priests, which does absolutely nothing to prevent them from opportunistically exploiting their followers.

One might think that, by making a turn towards a philosophy of life, marketers are entering a world of permanent values – that they are motivated by ideas, not just by their selfish interests. But this would be a delusion. Giza quotes the famous remark by David Ogilvy, the creator of a new approach to brand marketing: “You will never win fame and fortune unless you also 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” [Giza 2017, p. 160]. Giza also characterized the direction of marketing evolution: “The operation of marketing aims to tie the consumer to the brand in a meaningful social relationship, in which he or she plays a certain role. That is why the methodologies developed for ‘brand archotyping’ no longer identify needs, desires, beliefs, or mental maps, but concern themselves instead with deep identity-based motivations” [Giza 2017, p. 116].

A leading guru of contemporary marketing, Philip Kotler, has announced the advent of marketing 4.0, which is to be driven by the co-creation of values by companies and their stakeholders. However, while approaching this with open-mindedness and hope, one should immediately consider what these values are supposed to be and how the benefits from their co-creation should be divided. And most importantly: what mechanism is to determine this.

Figure 12 shows a thought-provoking diagram of marketing evolution. Looking at this diagram, we quickly discard any illusions about whether marketing will free us. The path out of the field of the opportunistic market game certainly does not lead through marketing in any of its forms. Marketing is about selling well, not about producing well. Leaving the field can only be achieved by a company that switches to good production – by defining its idea (i.e., its specific process of value creation) and by cooperating and co-creating values with its stakeholders. In marketing, values are components of the brand and are invoked in order to sell – they are empty promises instead of being generated by an internal creative process. Values in marketing give meaning to the message addressed to the customer, they form a vector of persuasive influence. In turn, values that are actually generated provide direction to all the company’s activities, binding them together and making

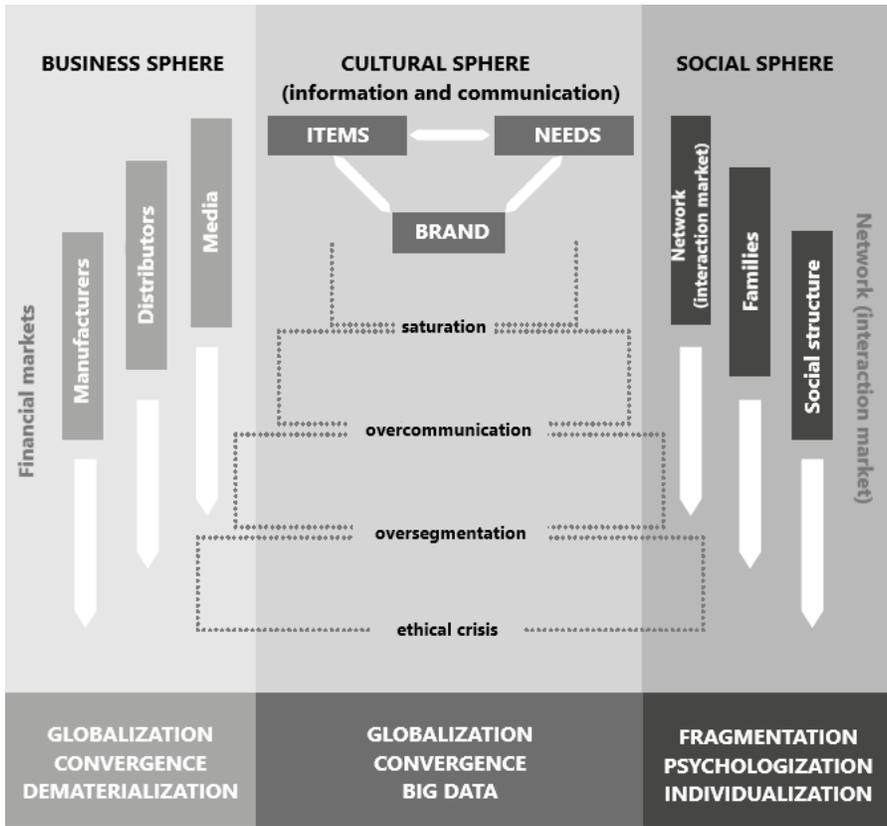


Figure 12. Evolution of marketing practices.

Source: Giza 2017, p. 124.

the company an axiologically active field of subjective activity. In marketing, sales are supposed to lead to good, while the point is that what is really good should lead to sales.

Marketing has become an integral part of the opportunistic market. And undoubtedly it is a rational activity, increasing the operational efficiency of the company. It does assign relevance to values, but predominantly to instrumental ones that result in profit when promoted. These values do refer to human beings, but as consumers to be treated objectively and manipulated.

Sometimes we believe that conscious, informed, and mindful consumers armed with the arsenal of social media will force companies to take a different approach to business and customers. There have been numerous examples of consumer pressure leading companies to abandon their most drastic and reputationally burdensome practices, including those employed in third

countries. One example is Rugmark (now GoodWeave), a global carpet certification program dedicated to reducing the sale of goods produced using child slave labor [Szczęsna 2015].

However, it is doubtful that such undertakings can bring about a fundamental change or transform the gravitational field of economic activity. They are definitely desirable and need to be supported, but they will not achieve enough causative power on their own. For this to happen, consumers would also need to become empowered co-creators. When this happens, even locally, the axiomatic, cultural foundations of economic activity change. As Giza aptly points out: “in post-modern societies, there emerges a kind of consumer proletariat that makes its choices with only a small degree of consciousness and care for its long-term interests, consuming both its own future and that of others” [Giza 2017, p. 207]. Such people are systematically objectified by marketers, and it is hard to imagine that this will change. For marketers, all that matters is the “homo consumens”, made up of immediate desires and needs; even if such consumers are being integrated into communities (consumption communities), it is only under the banner of specific brands. “The sphere of their duties, interests, long-term plans and broad networks of interdependencies is disconnected both in the sense that it is neglected in consumer behavior theories and in the sense that marketing practices are aimed at reducing its impact on decisions and behavior” [Giza 2017, p. 243].

Empowerment will not come about from consumption, although a change in consumption patterns can prove important, e.g., by weakening the market segment of junk food. There is a clue here – the key to real and profound change lies in the relationship between material and non-material (cultural) needs of individuals and social groups. This relationship should be shaped in such a way that it promotes autonomy and the acquisition of subjectivity, deobjectifying people. A person cannot be just a consumer or, more broadly, a market participant. The following thesis by Anna Giza carries fundamental importance: “Consumption patterns emerge from a social and cultural background that gives them meaning, significance, and legitimacy, but the reverse is not true: i.e., consumption in itself produces neither culture nor social structure” [Giza 2017, p. 222].

Risks associated with the digital economy

Relatively recently, a new economic phenomenon has emerged in the form of huge online service platforms, also known as Death-Star platforms [Gorenflo 2016], such as Uber, Airbnb, Amazon, Facebook, and Google. They form a worldwide network providing specialized services. They are considered to

represent the sharing economy as they enable their clients to make transactions and generally charge a relatively small commission for this. Their services are generally cheaper than those of their market competitors. This allows them to quickly attract customers, especially among young people, the cultural children of the digital age. The massive volume of transactions enables these platforms to swiftly amass enormous profits, providing them with enough capital to paralyze the competition - both by taking over their rivals and by applying perfectly organized lobbying pressure to national or municipal market regulators. Neal Gorenflo [2016] reports that Airbnb spent \$8.3 million on a campaign against the San Francisco voter proposition designed to limit the company's impact on rapidly rising apartment prices.

It should be noted that when such platforms use physical capital, it is not their own - it is the capital held by others, their clients. Therefore, it does not have to be maintained, depreciated, reproduced, or purchased. Costs incurred by such platforms are, therefore, much lower than those of their competitors. If they do need physical capital, then they require capital that is specific, unique, and complementary to that in possession of their clients. Parcel terminals are one example. Companies in this sector develop as IT platforms integrating the activity of others. They take advantage of this activity, earning from it, but usually without making any direct payments. They minimize their own employment by involving others in their own business algorithms. Even if they do not charge commissions, but only facilitate the physical exchange or conclusion of transactions free of charge, the sheer bulk of the activities they facilitate attracts advertisers. They do not have to create any goods in order to prosper owing to the work of others, which is either voluntarily provided or indirectly intercepted.

Access to capital poses no challenge for these companies because their activity does not require much of it at the outset, and even if capital is required, it can be easily obtained on the market from venture capital funds. Notwithstanding, once the scale of activity achieves sufficient levels, capitalization begins to grow exponentially - some start-ups reach a capitalization of several billion dollars within a year. Airbnb achieved a higher capitalization in four years than the Hilton or Marriott hotel chains, which had been operating for nearly a century [Money 2015]. This enables such platforms to rapidly grow in economic power. Notably, they use it to become global monopolists. They are not interested in engaging in competition, but in eliminating their rivals. And this poses a fundamental threat: although they emerge from the market, they ultimately restrict it. This begs the question what the prices of their services will become when they manage to monopolize their respective market segments - what will such a monoculture lead to?

The problem is becoming increasingly disquieting as the negative social impact of market opportunism in the digital economy can be much more acute than in the industrial economy. The balancing power of the market and market competition is currently much weaker, and the examples of global virtual service platforms indicate this clearly.

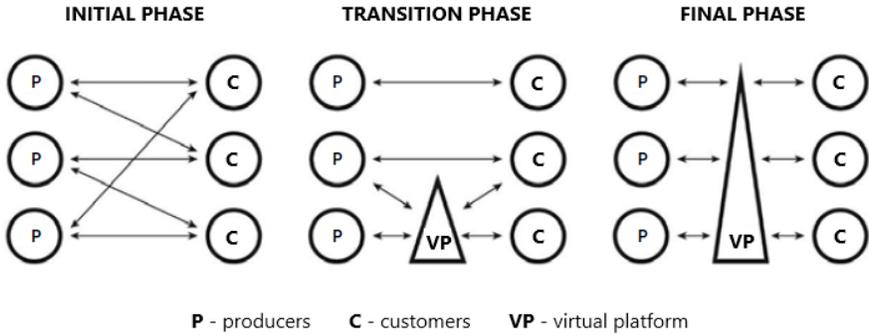


Figure 13. The emergence of global virtual service platforms.

Source: graphic design by Karolina Wróblewska-Leśniak – based on: Paprocki 2016.

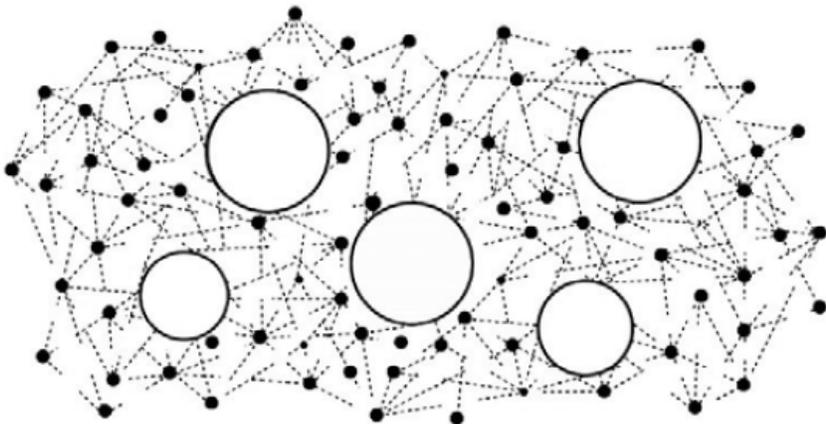


Figure 14. Gravitational field of the opportunistic market game in the digital economy.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

Monopolization of the economy is shifting from the sphere of production to the sphere of distribution. A distribution monopsony is in fact a much greater threat to market competition than a manufacturing monopoly. One of the reasons for this is that regulation, while fairly effective in the case of material property, is proving toothless with regard to intellectual property. This is why global virtual service platforms are emerging much faster than global manufacturing corporations used to. Their market cap increases with lightning speed, allowing them to quickly take over smaller technological and manufacturing companies and block access to the market for their competitors.

Their accelerated capitalization results from, among other things, the fact that they are able to effectively avoid taxation of their activities, arguing that it is not services that they offer, but merely access to the services offered by the primary service providers. And the tax authorities generally fail to address this problem. That would require international agreement.

One might think that their activity is a segment of the circular economy, where the aim is, among other things, to replace transactional and opportunistic relations with relations based on partnership and long-term strategy. However, no such results are achieved by this model of sharing economy. We are not dealing with a mechanism that leads back to the renewal of the employed resources. It is rather a new formula for exploiting the resources of others. It offers tangible benefits to those who participate, but these benefits are short-term and come at the expense of losses incurred by others: the essence of this mechanism is to intercept values, not generate them. And even if values are produced, the distribution of the resulting benefits is hardly in line with the principles of fair trade. At the same time, the activity of virtual platforms leads to the destruction of values on an increasing scale – rising along with the number of participants. Concurrently, the platforms' participants have nowhere to run even if they are aware of the problem – there is no escaping from Facebook or Google.

Wojciech Paprocki [2016, p. 9] emphasizes that, for companies such as Amazon, eliminating the relationships between the customers they logistically serve and suppliers facilitates making the customers dependent on the company. In effect this will mean that the division of economic relations into B2B and B2C will disappear. Most relationships will take place through intermediaries such as Amazon because, using digital technology, they are able to record, process, and generate enormous amounts of data unparalleled by those collected by major retail chains using traditional customer service technologies. Such powerful and irremovable intermediaries may in the future shape the structure of production and its geographical layout. And those who will not comply with the new order will be marginalized [Paprocki 2016, p. 12].

But is sharing economy only possible using the model employed by Uber or Airbnb? Definitely not. One positive example is provided by HitRecord, which is also an online coop platform, but operates according to other rules that are much more fair and “circular”. Its users submit their own content (graphics, text, music, vocals, videos, photos, etc.), and other users can modify this content or add their own to make a montage. The company disseminates the content produced in this fashion in various ways, including short films presented at festivals (such as Sundance) or published on DVDs, publishing books, CDs, and vinyl records, as well as distributing them via its cyclical program on cable television (*HitRecord on TV*). The company commercializes the content created by its users, but shares the revenue proportionally to the contribution of its co-creators. Before the funds are distributed, a proposal for their allocation is put forward so that the co-authors may submit comments and suggest changes. At the same time, the users do not lose the rights to their content and can continue to monetize it on their own.

It seems to be of key importance in this procedure that the platform’s participants have a say in the distribution of benefits resulting from their involvement. Following this lead, the important thing is who controls the platform’s activity. If this control was actually maintained by the participants and not just the organizers, the risks mentioned above could be minimized. And such a mechanism would ensure that the service platforms would not generate values for themselves at the expense of destroying the values generated by others.

However, the formation of such a mechanism unavoidably raises some fundamental questions about property rights and their distribution. The traditional approach, especially with regard to intellectual property, seems to rule out the possibility of moving in this direction. In other words, co-op service platforms would have to be somehow “socialized”. But then they would not be able to grow into such giants as Facebook or Google, which have already expanded to such an extent that they seem too big to fail. Their case brings to mind the same problem that accompanied the development of giant banks, along with its unfortunately disastrous consequences.

Introducing the proposed changes to these affluent IT behemoths does not appear possible from within. What remains is imposing changes from the outside – either by public authorities or through user pressure. However, not only does this seem unlikely at present, but if the cooperation platforms continue to grow freely and devour more markets, such changes will be increasingly difficult to apply.

Online platform co-ops adhere to the principle of open innovation. More and more corporations are doing this. It should be remembered, however, that a transition to this formula does not automatically mean that the company

has become socially responsible and has shifted away from an opportunistic orientation in favor of a relational one. On the contrary: in most cases, open innovation has turned into yet another useful formula for intercepting undue benefits, an effective method for acquiring cheaply and exploiting someone else's business ideas or intellectual creations. And if this is the case, then open innovation and other manifestations of sharing economy do not constitute a link in circular economic activity, but are simply assimilated by companies operating in the traditional linear model summarized by the motto "the business of business is business" (or, in other words, "it does not matter what we do as long as we make a profit").

Open innovation becomes a socially responsible form of business activity only when it actually supports and stimulates innovation on the social side – when it sustains and strengthens it, leading to an increase in the overall pool of resources. The nature of real innovation is not transactional – it must be social and relational. Only then can we say that open innovation leads to circular, self-sustainable economic activity, drives the wheel of development and constitutes the opposite of overexploitation.

Therefore, we should not assume that modern digital technologies automatically lead to economic cooperation and partnership. Experience shows that the opposite is true – they can be used effectively to form a monopoly. Google is a good example. In this case, the negative impact stems from, among other things, its patent policy. On the one hand, Google tries to immediately patent everything it can, even ideas for solutions expressed in the form of drawings. On the other hand, it seeks to expand its patent portfolio by buying out companies or parts of companies that own a large number of patents. Google started out with 10 patents, and currently it obtains 1800 patents per year [Regalado 2013, p. 1–2], which places it ahead of General Electric or Intel in this respect. The company's managers explain that this allows them to defend themselves against suits from competitors. To prove their good intentions, they occasionally make their patented solutions available on an open source basis. But in truth, they do this with outdated solutions and mainly to harm their competitors. Though referring to distant past, the following quote by Sławomir Magala seems to provide an apt commentary on this: "Technology is important, but the appearance of new technology alone does not determine the direction of development. The Chinese invented print earlier than Europeans, but the ambition of the Mandarin caste was to gather library collections on islands so that as few people as possible could reach the books, let alone borrow them" [Magala 2015, p. 7].

One should not mistake replacing the term "customer" with "stakeholder" for a certain sign of moving away from opportunistic attitudes. Rhetoric often

obscures true socio-economic content. For years Enron managers would declare that their mission was to create significant value for stakeholders. “Stakeholder value” continued to be their mantra until the PR hypocrisy became a component of toxic business culture.

The dominant rules of the market game determine how new technologies are implemented and applied. In the opportunistic market game, they serve to bolster the players whom the game provides with a competitive advantage. New technologies help them reinforce their market dominance. This will not be prevented by any technical solutions or applications because sooner or later they will all be incorporated into the game dominating the market. Only those economic entities that are able to escape the gravitational field of this game and form a game with different rules and social space-time can counterbalance this. It is naïve to believe that technologies such as blockchain and solutions such as cryptocurrency will spontaneously lead to such an effect. The technological race under the conditions of the opportunistic game also consists in the introduction of an increasing number of novelties, which are seemingly intended to make life easier for their users, but actually complicate it and make it more difficult while getting the users hooked and forced to obtain more and more applications.

A subscription economy is emerging before our eyes. It is a process of permanently assigning consuming individuals to specific networks and the economic circulation occurring within. On the one hand, this is a new form of an economy of scale that makes goods and services noticeably cheaper. On the other – it comes with the possibility of manipulating and addicting individuals, thus limiting their economic freedom and, consequently, their freedom in general. Individuals will be able to consume while having little possessions of their own. The subscription will provide them with access to consumer goods and services, but their productive and creative capacities will be largely limited, consequently limiting their ability to escape the rules of opportunistic market play.

This new phenomenon brings together consumerism, manipulation, and maintaining control over societies through fear. Hedonism and fear are both lanes of the road to authoritarianism. Consumerism and post-truth complement each other, generating a space-time of consumption in which only the here and now is important, without taking responsibility. Consumers are easiest to manipulate and addict, and the ways to do this include invoking their fears. The consumer is a lonely island. They have no motivation to enter into permanent and creative relationships. They may be willing to associate, but only as a hobby, as communities of users and fans, not producers. In order for alternative rules of the economic game to emerge at all, the space of

economic activity must be to some extent free or common in the sense that it is accessible to the activities of each actor. This means that it cannot be fully privatized and appropriated.

The matter is relatively simple under the conditions of industrial (material) economy, where the boundaries of what is private and what is public can be defined with relative precision. It is much more complicated in the digital (virtual) economy. The division of ownership rights is no longer obvious or simple in this case. The appropriation of intangible goods is not done overtly, and establishing the boundaries between private and common property cannot be precise. And when common resources (information, knowledge) are appropriated in the digital economy, it undermines the foundation of economic activity and its sustainability. It is becoming clear that the category of ownership needs to be redefined in the digital economy if the latter is to contribute to social development.

It is impossible to eliminate the threat posed by global virtual service platforms. It can only be confronted. On the one hand, limits can be imposed by public authorities, effectively combating distribution monopolies (monopolies) and preventing companies from abusing their dominant position on the market. On the other hand, local service platforms set up and managed by their users can provide a counterweight to the digital giants. Banning Uber's activities would not be effective, but it would be sufficient to tax its profits effectively and support local passenger transport networks so that Uber does not become dominant enough to dictate the prices. Responding to threats to the market and the economy should be linked with the liberation of certain social forces, both opposing and causal in relation to the threatening entities: blocking some actions, but at the same time triggering others, and in this sense – becoming new forces of production.

Conclusion. From transactionality to relativity

The modern economy is dominated by opportunism: a focus on seizing market opportunities instead of engaging in long-term projects. This can be described as rent seeking. And such behavior has grown rampant. As a result, the horizon of action has been shortening, and the organizational formula of companies became focused on achieving the greatest possible flexibility in order to take advantage of every opportunity. Flexibility understood in this way also implies that companies are not interested in forming longterm relationships with their partners. Their attitude towards their environment has become transactional rather than relational, a trend particularly evident in modern banking. In practice, marketing has become a method of “seducing” customers, and seduction is the opposite of reliable communication. It is a form of

selfaggrandizement: the more integrity we shed, the less we are ourselves in terms of constancy, the less we get to know each other, and the less inclined we are to know ourselves – the easier it becomes [Czaplinski 2016, pp. 334–335].

Modern marketing is one of the manifestations of what has already come to be dubbed the post-truth society. That I am taking up this thread is not meant to imply that I advocate the existence of some “absolute truth” – in the case of the social dimension of human existence this is out of the question. However, there is a fundamental difference between a multitude of viewpoints accompanied with a desire to objectivize knowledge through discourse and a situation in which any opinion can be adopted as objectivized.

Communication activities in the post-truth society are not meant to describe reality or even to obscure it. They are consciously oriented towards its creation: towards the formation of a real unreality. The reality created by such communication – with the use of virtual tools – becomes for many people a real world that they experience emotionally. The point is to effectively extinguish, or at least dull, reason and logical reasoning, while arousing emotions that are as intense as possible – preferably ones that evoke the desire for consumption-related sensations. The massification of production required the massification of consumption. This has been supported by the massification of communication. And so marketing has become the most widespread form of mass communication – it is omnipresent. However, this does not foster community but individualism. Marketing leads to massive individualization of societies. The social dimension of consumption weakens. It is reduced to individual memberships in communities of users of a given brand, product, or service. And this makes it easier to drive the compulsion to consume – as does the involvement of emotions and convictions in marketing, called by some affective marketing. The role of modern affective marketing is well illustrated by the oft-quoted saying that it has optimized the product’s route to the dumpster.

In such a model of communication, even false information will be accepted as truth as long as it fits in the mood and emotional climate of customers. As a further consequence, the grounding and orientation of policy is fundamentally changed: instead of evidence-based policy, we have policy-based evidence, which systematically diminishes responsibility and co-responsibility.

The rules of communication and command cannot be rigid because life does not stand still. However, they cannot be completely discretionary and arbitrary, because then society unravels and becomes easy prey for manipulation. Conclusive dialogue requires different perspectives and a clash of viewpoints and arguments. However, this cannot mean that every opinion is given equal weight. This would lead to the disappearance of responsibility. If everything can be accepted, then nothing has a lasting meaning in the end.

It is not a matter of eradicating certain views from public discourse – this is unfeasible in democratic regimes. Still, open discourse must also be critical – it must serve to reveal the social consequences of certain positions and discredit them. Discourse only prevents ideological hegemony when, being both open and critical, it becomes a social mechanism for generating meaning.

It would be naive to believe that the digital economy and the new media automatically provide consumers with autonomy and independence from manufacturers and suppliers, making consumption more reflective and mature.

People's subjectification will not be achieved by virtue of a single social force – it can be revealed gradually provided that the vectors of various social forces (the state, territorial communities, education, culture, civic activity, entrepreneurship, media, law, etc.) are directed towards this common goal and in particular – towards providing individuals and groups with unhindered access to resources and competencies that are fundamental for subjectivity, including self-knowledge and the tools enabling its generation as well as the ability to receive and utilize information in a critical fashion.

Moving the vector of each of these forces is important and necessary if a socially responsible market economy is to exist. It is necessary to act in the conviction that, if such an economy fails to develop, it will be eliminated and replaced by a statist economy, with all its anti-democratic and anti-social consequences.

Therefore, instead of thinking uncritically that we are living in an era of change, it is worth noting that the era is changing. In the history of mankind, technological change repeatedly placed great challenges before us, such as the humanization of what man has created. This was the case with every previous industrial revolution. And each time it was necessary for the technological breakthrough and potential to be embedded in moral, social, and political terms. This never happened without conflicts, mistakes, and dramatic consequences.

The dangers will become particularly grave when artificial intelligence becomes involved in the game for power and capital. Therefore, democratic states should already start taking action to prevent the monopolization of the digital economy, e.g., by providing access to key technologies to different actors and counteracting the imposition of a technological dictate. Appropriate regulation of intellectual property rights, one that balances opportunities and limitations, the rights and the obligations arising therefrom, will be crucial in this context. The practical aim is to prevent major digital players from turning the excess of information into a scarcity of knowledge, monetizing the intellectual creations of others. The practical socialization (*commoning*) of some intangible resources becomes essential. Also so that giants who are too big to fail (and too big to be saved) will not arise in the digital economy.

The problem is now even more serious because we already have technologies that, when used at any point, can have global ramifications. At the same time, our ability to recognize the consequences of implementing these technologies and prevent them is very limited. And the technological race continues. Robots are not needed to produce but to control the circulation of information, the generation of knowledge, and human behavior. According to many, the world of the future will become a matrix in which individuals will be reduced to the role of impulse transmitters. The social world, and with it humanity, will fade away.

The gravitational field of opportunistic companies becomes a trap for them. Most are unable to find a way out of it – they continue to play even if they lose; they play until they collapse or are taken over by competitors, losing their independence and subjectivity. This is what happens when short-term transactions replace partner relationships and begin to constitute the main fabric of the economy. A way out is not easy to find, because it is generally sought outside and not inside the company. It is only by changing the definition of the situation and our way of thinking that the trap can be escaped. This does not mean that everything depends on the company itself, that its desire to change will be enough. If it does not wish to act differently, it will never be able to do so. To act differently, without opportunism, means to work out one's own idea and implement it consistently in a given environment. A company cannot change its environment, but it can attempt to change its relations and try to establish long-term partnerships with selected entities. Success in this area, even partial, increases its ability to operate both inside and outside the company. And this is what turns out to be the way out of the opportunistic game and into another field, where the rules of the game and its institutional setting are different. And the said rules cannot be limited to market alone – they must also be related to other dimensions of social life.

While avoiding responsibility yields advantages and profits within the gravitational field of the opportunistic game, in the relational field it isolates and excludes. If thinking about a relational and cooperative economy is utopian, then it would be naïve and even foolish to claim that a market economy operating according to opportunistic rules is sustainable. As early as 1976, Robert Heilbroner proclaimed the decline of business civilization: “No other civilization has permitted the calculus of selfishness so to dominate its lifeways, nor has any other civilization allowed this narrowest of all motivations to be elevated to the status of a near categorical imperative” [Heilbroner 1976, p. 122].

I am confident that there is a way to prevent this prophecy from coming true, a way to change the formula of the market economy to one that is socially and environmentally responsible. This way consists in transforming opportunistic companies into FirmsIdeas and, consequently, transforming the current transactional economy into a relational one.

CHAPTER VIII

FIRMS IDEAS – A NEW APPROACH TO VALUE IN BUSINESS

Introduction. The concept of shared value

“Creating Shared Value”, an article by Michael E. Porter and Mark R. Kramer published in *Harvard Business Review* in 2011, proved to be a particularly important stimulus for discussion on the issue of value in business. Its strong stance is underscored by the opening paragraphs: “The capitalist system is under siege. In recent years business increasingly has been viewed as a major cause of social, environmental, and economic problems. Companies are widely perceived to be prospering at the expense of the broader community. Even worse, the more business has begun to embrace corporate responsibility, the more it has been blamed for society’s failures. The legitimacy of business has fallen to levels not seen in recent history. This diminished trust in business leads political leaders to set policies that undermine competitiveness and sap economic growth. Business is caught in a vicious circle” [Porter, Kramer 2011, p. 4].

In the view of the authors, this troublesome situation for business can be mainly attributed to the fact that the approach to value creation prevalent in enterprises has not changed over the last half-century and has become obsolete. Above all, it is too narrow: it focuses on driving short-term financial performance, while neglecting the most important needs of customers and ignoring the significance of factors determining long-term success.

According to Porter and Kramer, companies should strive to bring business and society together. This requires going beyond the pattern of social responsibility, in which social issues are treated as peripheral to the enterprise instead of being the foundation for all its activities. It can be achieved by adopting the principle of shared value. The authors underscore that this is

to be a principle of doing business, not an expression of social responsibility, philanthropy, or sustainable development. The aim is to create economic value for the company in such a way that it also creates value for society. Business is supposed to be business, not charity. Still, it should be conducted in such a way as not to reduce everything to company profits, but also take into account the consequences for the social environment.

The key to understanding Porter and Kramer's view is the precise definition of the shared value principle, which they describe as follows: "The concept of 'shared value' can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. The concept rests on the premise that both economic and social progress must be addressed using value principles. Value is defined as benefits relative to costs, not just benefits alone. Value creation is an idea that has long been recognized in business, where profit is revenues earned from customers minus the costs incurred. However, businesses have rarely approached societal issues from a value perspective, but have treated them as peripheral matters. This has obscured the connections between economic and social concerns" [Porter, Kramer 2011, p. 6].

The essence of this concept is that companies, while conducting their business activities, should open up to mutually beneficial cooperation with social actors in their environment, in order to jointly generate economic value understood as benefit in relation to cost, i.e., an economic surplus. Cooperation of this kind can lead companies to actively extend their activity beyond their borders and engage in long-term, mutually beneficial cooperation, rather than just concentrate on monetizing what they can produce on their own.

The quoted authors claim that corporate social responsibility is a correct but insufficient response to the reputational threats to which large corporations are exposed. The management of these corporations understand that CSR expenditures are necessary, but only in the form of minimal, absolutely necessary expenses. Spending more is considered a waste of shareholder money. In the meantime, addressing social needs and eliminating the negative external consequences of the company's activities can and should be a source of improving its own productivity and market expansion. For Porter and Kramer, numerous examples of effective cooperation between for- and non-profit organizations are proof that creating shared value is possible.

Porter and Kramer also emphasize the interdependence between the company's operations and the functioning of its immediate social environment, especially the local community where it operates. A healthy and well-disposed

local community not only generates demand for the company’s products and services, but also provides support and access to important public resources. Most entrepreneurs fail to understand or see this. This is partly due to the prevalence of the neoliberal economic model, which the quoted authors criticize, referring to the widespread views of Milton Friedman. This American economist, creator of monetarism and dogmatic promoter of the free market, maintained that business as usual generates sufficient social benefit. According to those who follow this view, the idea of corporate social responsibility is simply redundant.

The reason why companies are turning their backs on their social environment is that they are less and less grounded in their local setting, instead focusing on participation in global markets. Businesses are increasingly oriented towards vertical and market relations, and less and less towards those of a horizontal and social nature. As a result, they strengthen their low-efficiency orientation, losing the ability to consciously shape the chain of value creation. At the same time, they are unable to create a distinctive value proposition.

Porter and Kramer state that their concept of creating shared value (CSV) should supersede the concept of corporate social responsibility (CSR), which consists mainly in image-building activities and has only a limited connection to business activity itself. In contrast, CSV is primarily concerned with measures that are intended to ensure the company’s profitability and competitiveness. Therefore, it represents a higher form of capitalism. It will enable the launch of a positive cycle driving the economic success of the company and its communal environment and bringing about long-term economic and social benefits. The purpose of (social) entrepreneurship is not to provide hand-outs, but to create shared value, and public regulation of activities, especially economic ones, should encourage this.

Table 3. Comparison of CSR and CSV according to Porter and Kramer

Corporate social responsibility (CSR)	Creating shared value (CSV)
Values: doing good	Value: economic and societal benefits relative to cost
Citizenship, philanthropy, sustainability	Joint company and community value creation
Discretionary or in response to external pressure	Integral to competing
Separate from profit maximization	Integral to profit maximization

Corporate social responsibility (CSR)	Creating shared value (CSV)
Agenda is determined by external reporting and personal preferences	Agenda is company specific and internally generated
Impact limited by corporate footprint and CSR budget	Realigns the entire company budget
Example: Fair trade purchasing	Example: Transforming procurement to increase quality and yield

Source: Porter, Kramer 2011, p. 16.

The concept of the Firm-Idea

I see what Porter and Kramer described as a distinctive value proposition as the company's idea. By this term I mean the process of generating economic value specific to the company. Hence the concept of the Firm-Idea.

The starting point of the business concept developed under this name consists of two fundamental assumptions:

1. Human activities, including economic ones, have cultural foundations. In this sense, economy is also a culture, i.e., an area of axiologically saturated communication and cooperation,
2. The purpose of a specific action cannot be derived from the action alone. It can be grasped by reflecting on the trajectory of the progress made by the entity taking this action. This applies to both individuals and communities or organizations, including economic ones. Taking meaningful action requires a company to have its idea, its value system, stemming from its "life trajectory" and determining its future course.

If a company fails to identify its underlying idea, define itself, and determine the meaning of its existence, then its individual actions, even if effective, will not be purposeful and, therefore, will not facilitate its development.

Considering the above, I wish to question the view that has become the creed of most companies, namely that the business of business is business. It is understood to mean that the purpose of business activity is profit, and the rest does not really matter. This means that everything that results in profit is by definition good for the company as long as it is legally permissible, while everything that generates expenses, costs, and accounting losses is bad. On a declarative level, rarely does anyone have the audacity to present their business activity in this way. Instead they talk about corporate social responsibility or even business ethics and company values.

The new business correctness requires companies to be value-driven, i.e., build their market position and effectiveness through clearly declared values. Unfortunately, the practical reality is far from these declarations. All too often, we are dealing merely with lofty but hollow slogans and newspeak driven recommended by marketing specialists.

Renowned consultants advise companies to form a moral backbone consisting of four elements: 1) the company's business model; 2) the limits of responsibility; 3) the heart of the company, i.e., its employees and associates; 4) the company's head (management), supported by the whole spine and ensuring the vision of the company's development – seeking answers to the challenges of the future and deciding on the role the company is to play in its environment [Rok 2013].

Understanding the company's idea as its own definition of its specific process of value creation, I avoid the chain metaphor in its description because it would imply a linear and routine understanding of this process. In order for the value production process to generate sustainable economic value, it should not be routine, but multifaceted and driven by innovation. The essence of this process is the creative use of resources and competences so that different values, including non-market ones, can be transformed in a way that multiplies them and at the same time generates economic and market value. This means that business must not only focus on commercializing resources and turning them into assets, but should also be concerned with simultaneously proliferating those resources that are indispensable for generating economic value.

Some believe that the role of a company is only to commercialize resources, and that the responsibility for their proliferation should be shouldered by public authorities – they are the ones supposed to generate specific public value. The reasoning behind this goes more or less as follows: at the micro level, in companies, resources are to be transformed into assets that generate economic value, while the role of public authorities comes into play at the macro level to form a framework limiting the external impact of micro (i.e., purely business-related, commercial) activities so that the overall pool of resources will be multiplied. However, I believe this to be hardly sufficient – the conviction that ignoring the internal axionormative order will gradually lead to poor economic performance should be fostered at the micro level as well.

In the concept proposed by myself and Mateusz Zmysłony, it is essential to assign certain attributes of subjectivity to the company. One of them is self-reflection. Subjectivity here should not be understood in absolute terms. Actors gain subjectivity by remaining in certain relationships with other actors, but they also have to somehow define their boundaries and identity, which requires self-reflection. In other words, to be able to open up to others, they

must somehow distinguish themselves from those others. For a company, this means that, in order to be a subject in a market relationship, it must define its own specific process of value creation. In this sense, it must maintain its identity as a unique and inimitable economic entity (company and brand), while simultaneously exhibiting the ability to modify its value creation process. Both these dimensions, identity and adaptation, require a subjective company to have its own idea, necessary both in forming the company and shaping its relations with the environment. Self-definition provides the company with more insight into itself as well as a broader view of its surroundings.

Marketing places strong emphasis on the importance of unique sales features meant to distinguish the company's products or services from those of its competitors. This – unquestioningly rational – approach should be based on a solid foundation, namely a company-specific value creation process. Then, the unique features are not merely an additional design feature, but manifest themselves in the basic functionality of the goods manufactured by the company. This gives the company a rather long-lasting competitive advantage, as the characteristics of the produced goods shaped in this manner cannot be easily replicated. One would have to retrace the process leading to their development, and this would be quite challenging. Most companies fail to see this. Their management believes that the most important thing is not the uniqueness of the characteristics of the goods themselves, but their aggressive marketing. In their understanding, customers need to be addicted, almost incapacitated, using their weaknesses. This purpose is served, for example, by loyalty programs.

For companies representing the traditional approach to business, the customer is an object to be influenced – an active object, but still an object, a moving target. It is no coincidence that the term “target”, understood as the group of customers to whom a product is addressed, has gained so much traction in marketing. The customer in this approach is a key component of the environment, situated outside, an object of competitive rivalry. They are a mark to be ensnared, with the aim being to evoke in them a desire for the product, seduce them, and make them dependent. In this traditional approach, the customer is supposed to be a consumer and nothing but a consumer, preferably non-autonomous, dependent, and willing to maximize the consumption of our product. The idea is to make consumption the essence of the consumer's existence and deprive them of feeling satisfaction unless their desires, stoked by marketing, are fulfilled. In this approach, the division between the roles of companies and their customers is simple and clear-cut: the former produce, while the latter consume. This is why it is crucial for traditional companies to control their distribution channels, either by having their own distribution channels or taking control of channels created by others (see also Kukliński 2011 and Mączyńska 2012).

For Firms-Ideas, the customer is a somebody – an autonomous entity with important resources at their disposal. Therefore, we want them to be our partner, we want to attract them to our company. We open up to them, inviting them to actively participate in our activities. We respect their autonomy and needs, striving to meet them. We do not wish to make them dependent, but to collaborate. When the customer – subject – partner develops, it serves us well as we develop along with them. Therefore, they are not an external object, but a stakeholder; the success of our company is contingent on their success. We strive to convince them of this and reassure them by acting reliably. The customer then becomes a participant in the process of creating and proliferating value, a process in which the company grows along with its value, and not only in market (economic) terms. The division of roles in this case is not so obvious or unambiguous. The company strives to ensure that its customers are to some extent co-creators of value. The key element for Firms-Ideas is not distribution, but production – how it is done and by whom. Such a company builds relationships with its customers, focusing on their strengths, not weaknesses; it wants the customer to increase their capacity for independent action. It tries to empower them, not make them dependent. The customers thus become partners capable of contributing some of their resources to the process of generating company value and willing to do so because of the tangible benefits it offers them.

Both types of companies mentioned above aim to be innovative. Traditional companies do this so that every customer can bring them adequate profit. They force their employees to be creative, but this creativity is meant to ensnare the customer and make them dependent. A Firm-Idea is innovative because it is able to benefit from the client's subjectivity; its actions are driven by the customers and not just addressed towards them. Its innovations are partly social in nature; they result from cooperation with customers who are no longer just recipients, but become co-creators.

If we refer the discussed distinction to companies operating in cultural industries, it becomes readily apparent that traditional companies in this sector promote the use and implementation of digital rights management systems, i.e., digital systems for protecting works against use that infringes their authors' copyrights. Works recorded on digital media or distributed on the Internet contain restrictions that permit only their specific use. In contrast, a Firm-Idea will make its content widely available, allowing it to be processed further and distributed by the buyers. In this way it creates a wider field of influence, which becomes to some extent common, so that it can later offer further original content to this field's participants. This gives rise to not just traditional fanclubs, but whole social circles dealing in various ways with a given field of creativity, e.g., fantasy.

If we were to apply the division into the digitariat and cognitariat, as proposed by sociologists studying contemporary media, we would see that traditional digital companies aim to turn everyone into consumers of digital content – the digitariat, while a Firm-Idea should strive to encourage as many people around it as possible to create such content and form the cognitariat.

By entering a specific field with their activity, the subject develops various relationships with different actors operating within this space. This means that the result of the subject's actions inevitably depends on the activity of other actors. The subject can choose to cooperate with them, compete with them, or fight for dominance. Cooperation does not rule out rivalry, but it is then rivalry within established and respected rules, one that does not aim to destroy the opponent. Cooperation begins with the establishment of communication and requires its maintenance. In consequence, a certain form of coexistence and community is established within the field. The subject does not relinquish their individuality, but rather accepts a mutually beneficial interdependence, which offers them greater opportunities to take new actions and adapt.

Subjectivity understood in this manner can be categorized into spheres: internal, external, and indirect. The inner sphere encompasses the subject's identity and reflectiveness. It is their self-definition and marks the boundaries of their being. The external sphere results from taking specific actions in a given field and interacting with other actors. The intermediate sphere is the manner in which the subject sets their boundaries, defines the level of openness and accessibility: the subject tries to define their preferred relations with their environment, the default way in which they react to the behavior of other actors. Greater degree of openness means more opportunities to establish cooperation with other actors, but also more exposure to their adverse influence.

Also in the case of business activity, one should adopt the Kantian principle that others are not just means to achieve one's goals – depriving them of their subjectivity and making them unilaterally dependent inevitably leads to harm. Subjectivity is characterized by the capacity to take autonomous action. In this sense, it is a function of (relative) independence. Notwithstanding, this independence is not meant to result in self-isolation and self-sufficiency (autarky). It should, however, be the basis for the company's conscious and selective entry into various forms of interdependence, which will continue to be beneficial as long as the company is able to maintain its subjectivity in shaping its relations with other actors, i.e., remains sufficiently independent from them.

A company must engage in competition with its rivals or it will collapse. However, if it abandons its core idea in the course of the competition, adopting the stance that any action leading to defeating the competition and staying on the market is permissible and good, the company may achieve some

short-term gains, but will still lose over time because it will lose the ability to creatively transform its value creation process. Market competition strengthens companies that are aware of their idea and are able to regenerate it. Otherwise the rivalry destroys the company despite bringing in some short-term profits.

Why does this happen? In order to generate economic value, a company must have access to various types of capital – not only physical and financial (hard capital), but also human and cultural capital (soft capital). These capitals generate various types of assets – tangible and intangible. They all have a certain value, including economic value. The goal of the company's operation is to use the available capital to generate such assets that can be used in the production process to multiply their economic value, thus multiplying the company's capital. In order for this to be possible, the use of assets must not be guided by short-term profitability alone: their effective use in the short term may result in a loss of economic value in the long term. This happens, for example, when a company achieves good annual results, while neglecting to invest.

It should also be remembered that different types of capital are accumulated in different ways. Hard capital once used is exhausted and is not renewable. Its accumulation is a function of overall efficiency. It is, therefore, important not only to produce it, but also to use it economically. In turn, soft capital is multiplied by its use. The more often we reach for the resources of intellectual capital, the more they increase.

There is no straightforward interchangeability between hard and soft capital. This is where complementarity comes into play. Cultural capital is essential for the company, even if it cannot be directly valued or commercialized. Its disappearance would decrease the usefulness of other types of capital and the value of the assets they generate. With a certain scale of physical capital, cultural capital in the form of adopted ideas, practices, beliefs, and values must be available because it is crucial for creating intangible (intellectual) assets, without which it is impossible to effectively launch and multiply physical capital [Throsby 2010].

If we wish to use soft capital, we must have hard capital (material means) at our disposal. The use of soft capital is not without cost. It is also difficult because soft capital only starts “working” when available on a sufficiently large scale. If its amount is insufficient, and its use is low, it does not increase. Its pool must be appropriately increased and mobilized, which requires time, patience, and effort. At some point, the relationship is reversed. While hard capital is required to stimulate soft capital at the beginning of the developmental spiral, later soft capital stimulates the use of hard capital.

Design as a component of good business is a good example of this. For design to increase the value of certain products, the designers' extensive

know-how must be matched by comprehensive intellectual capital of the company making the product. Modern companies rely not only on entrepreneurship, but also on creativity – interpreted as an equivalent of entrepreneurship, but in relation to cultural capital and intangible assets.

When subjects close themselves shut to avoid risk, they lose adaptability, cease to be innovative, and – with time – stop developing. If they open up to fight for dominance and subjugate the other actors, they can expand and grow. However, the success of such a strategy will generally turn against them – it is only a matter of time. Dominance leads, sooner or later, to neglecting the consequences of one's actions, passing their consequences on to others, and finally to the disappearance of responsibility – and this must result in failure.

An indispensable mechanism for obtaining subjectivity by a company is design, but one defined broadly and referring not only to the design of the company's products and services, but also to the company's organization and development. Subjectivity in this case means the company's ability to self-design with regard to both its interior and its external relationships. Such design is only possible if the company defines its idea.

The meaning of an action is not something defined a priori, something already fixed. And it cannot be simply discovered by following some established rules. Subjectivity lies not only in undertaking autonomous actions, but also in imbuing them with meaning, i.e., in deriving them from some idea. Then different actions can be combined; then they can be directed towards some important goal, and thus cannot be purely routine. This also applies to companies. They must maintain the necessary consistency of actions, but at the same time they cannot enforce it mechanically because this would mean the death of innovation. The advantage of achieving consistency of action through defining the company's idea is that it does not force the company's functioning into a rut. The company's idea spreads within – not through force, but through voluntary communication and conscious cooperation, through developing bonds and understanding. Employees are drawn to it as if by a vortical movement, which drives both them and the whole organization.

The strength of the company's idea relies on its double axiological reference (see Figure 15). Firstly, it refers to the company as an organization. In practice, it is about ensuring that the organization actually operates in accordance with its idea. However, for this to be the case, the organization's idea must define the rules and principles adhered to by its members. This is the second reference. It is then that the organization becomes an institution, that is, it "works" – it possesses a specific axionormative order. People respect this order not because they have to, but because they believe it to be right and proper. It is not imposed on them by some superior authority, but they subscribe to it by

participating in its creation. As a result, this order determines the company's creative process and the motion of its progress. It becomes a vortex, pulling in the successive circles of the organization's participants.

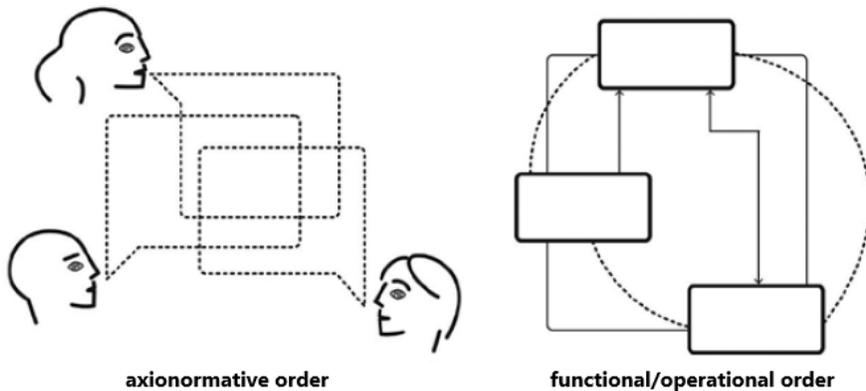


Figure 15. The Firm-Idea: two orders.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

It is also doubtful whether forcing coherence of actions by other means, e.g., strict control, can ensure that a modern company will remain both innovative and productive. We could try to imagine a company that consistently adopts efficiency alone as its main principle, eliminating references to all other values. This thought experiment quickly demonstrates that absolute economic instrumentalization of values is impossible. If, therefore, some kind of axionormative order must be established in the company, why not shape it consciously and with conviction that it is crucial to the company's success?

This does not mean that the instrumental, operational dimension of the company's activities does not hold any relevance. It obviously does: it is within this dimension that the company's cost-effectiveness and situational (operational) efficiency is decided. However, the company's position and progress depend primarily on structural efficiency (productivity). And efficiency understood in this way is conditioned by the axionormative order within the company. Little can be done without it. The things that are supposed to happen in the company's operational dimension can be planned and designed in detail – they can be made routine. In turn, structural adjustments require the individual cells of the organization to have a certain degree of

autonomy and freedom. To prevent this from leading to organizational disintegration and functional incoherence, it is necessary to refer to certain values and principles, which ultimately form the company's idea.

The company's idea cannot be detached from its organizational structure. The company as an institution (axionormative order) and as an organization (functional-operational order) is a whole. Among other things, this means that the company's idea cannot be formulated arbitrarily. It cannot be realized outside of the given organization. In order to change the way a company is organized, one must refer to its idea. And to modify the idea, one must also mindfully change the company's organization so that it remains in line with the idea.

The coexistence of the institutional (axionormative) and organizational (functionaloperational) order in a company should not be reduced to the distinction between daytoday operation and strategic action, routine activities and those based on reflection. This is a somewhat different issue, relevant to both traditional companies and Firms-Ideas. However, it is only in Firms-Ideas that the coexistence of these two orders is brought about consciously and by design.

By deriving actions from ideas, the subject (company) sets the trajectory of their development, thus making a certain strategic decision. This decision does not have to be final. It determines the path of development, but does not prevent it from being corrected in the future. By giving meaning to actions, we generate the ability to consciously modify the trajectory of development if it proves to have exhausted its potential.

The ability to shift the trajectory of development is a particular expression of the company's subjectivity. It depends on how the company is organized, but also on its relationship with its environment. There is no "either – or" here. Therefore, the company's idea must refer to both its internal and external relations.

A Firm-Idea is capable of being proactive, which is also an expression of its subjectivity. This proactive approach stems from several fundamental considerations: 1) things we will be exposed to; 2) things we will depend on; 3) how we will adapt; 4) what we will follow. One cannot follow everyone and everything. The company must be able to make a choice in this respect. An what should guide this choice? The company must 1) use its potential, 2) but in such a way as to multiply it, 3) and, if necessary, it must supplement this potential with components that are missing. This is how the economic strength of a company is built.

Other approaches to value in business and the concept of the Firm-Idea

The issue of values in the context of business has sparked the interest of various currents of economic thought in the last several years. A less economic and

more managerial understanding of this issue is also being developed. Some of these interpretations raise doubts and objections. This applies in particular to the concept of value management, as shown in Figure 16.

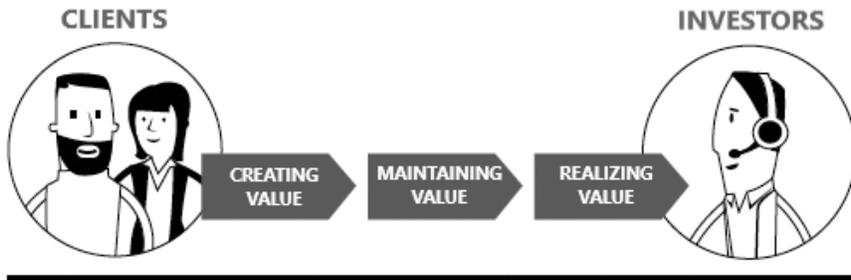


Figure 16. Value for shareholders as the bridge between the client and the investor.

Source: own work, based on: Black, Wright, Bachman 2000, p. 84.

It shows that managing the company's value requires the launching of three processes: 1) creating value; 2) maintaining value; 3) realizing value. The first consists in providing the customer with goods produced by the company and obtaining added value (the difference between the cost of producing said goods and their selling price). The second consists in managing the company's assets in such a way as to maintain their value. The third is done through the appreciation of the company's capital and the payment of dividends. According to this concept, the essence of managing the company's value spans between the company's relationship with its customers and shareholders. The general principle is that value is offered to the customers, so that additional value for the company can be gained, which provides value to the shareholder. In practice, this represents the traditional business model, only described in a disaggregated and modern way.

One advantage of this concept is that it considers the fact that customer value is not only real and economic, but also emotional and social. Here we can see that customer value is meant to be a bundle of different values and not just economic value. This concept implies a relational approach to marketing, in which the customer is no longer just an object of influence but also an actor – we want him to fulfil the role we defined, but we want them to enter into this role consciously and of their own volition. It is the customer who becomes the reference point for the company, not the shareholder. The company must therefore identify the customer, and then communicate with them in order to create appropriate value and deliver it to them.

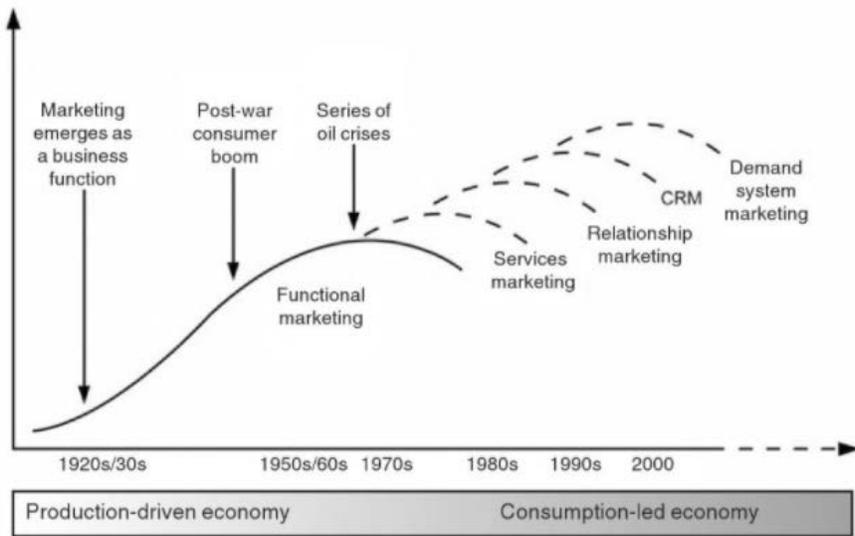


Figure 17. Evolution of marketing.

Source: Baker 2003, p. 16.

This is meant to ensure the customer's positive attitude towards the company, their satisfaction, trust, and loyalty, which will result in higher profits for the company. This is one of the formulas of modern marketing, which can no longer limit itself to promoting the product itself but must also promote the brand – and the resources and competencies of the company must be subordinated to it. Such marketing must permeate the company's manufacturing process throughout, and not just appear at its end. According to this concept, the company itself becomes a product, just as neomarketers are ready to consider cities or universities as products.

This concept means that, from the very beginning, everything in the company is to be subordinated to the market and to obtaining market value. Whatever does not serve this purpose is a source of unnecessary costs and a nuisance. Market valuation should also be applied to, among other things, the company's intangible assets. This requires the introduction of internal evaluations, including those relating to the flow of information and knowledge. New digital technologies are helpful in this respect.

Digital technologies are indispensable in new marketing as a constant source of information about the customers and their habits. They are required to process and synthesize vast amounts of information (big data). Today, customers are identified electronically, and companies use digital technologies to communicate and interact with customers; the information thus obtained

allows them to improve the functionality of their products and services [Gordon, Perrey 2015]. Undoubtedly, this allows companies to use the knowledge and experience of their customers cheaply and they do this to a larger and larger extent. In this way, customers are unwittingly drawn into the company's manufacturing process.

And here comes a key point of divergence between value-based management and the Firm-Idea concept. The latter encourages companies to enter into partner relations with their customers (and others) in two ways: 1) by involving the customers in their production process and sharing the resulting benefits; 2) by subjectifying and empowering the customers to help them produce resources that are directly or indirectly important to the company.

A significant difference between the two approaches lies in the fact that, in the case of value-based management, the activities undertaken by the company concern its operational layer and the instruments used in its operations. What matters is the effectiveness of these instruments, which can be achieved by including modern analytical techniques in their application. This approach has been widely employed in, e.g., investment banking, where advanced analytical skills have been used to value derivatives, as described by Michael Sandel [2012]. It took a banking crisis to realize the consequences of managing company value in this way, in which value was reduced to current market valuation.

The concept of the Firm-Idea is also different from the approach presented by Porter and Kramer [2011]. The changes that are taking place are so profound that the adjustment on the part of companies cannot concern only, or even largely, their relations with their environment. Above all, they must transform themselves internally so that, having formulated their idea, they can maintain their economic identity and subjectivity and at the same time adapt to the ever-changing market and social conditions. My proposal is an axial change. Its essence is that changing the business model starts with a cultural overhaul of the company, with defining its idea, which allows the company to consciously shape the formula of its activity so that it involves actors from its environment in its own production process. At the same time, the company consciously enables these actors to develop this production process. The end result is similar to that proposed by Porter and Kramer, but it is achieved in a different mode, one that is much more profound. The ability to create common value first requires a common production process. While Porter and Kramer postulate *creating shared value*, I put the emphasis on *shared creation of value*, which has much more business power. It enables economic efficiency to be combined with real social responsibility to a greater degree. Then both begin to condition and stimulate each other.

The point is not only for the company to be more mindful and respectful of the customer's needs, but to empower the customer so that they wish to and are able to be involved in the specific process of creating the company's value. Values are meant to bind the organization together from the inside and open it up to the outside. They are to be its gravitational field, not a manual of good conduct.

There are more differences relating to the essence of the discussed concepts – creating shared value (CSV), value-based management (VBM), and the Firm-Idea (FI). These include the following:

1. The concept of the Firm-Idea is not about production factors, but about the process of producing value,
2. This process should be understood not linearly, but laterally; it should not be perceived as a chain of value creation, but as a developmental spiral,
3. The FI concept stresses the importance of what is happening within the enterprise, and not only in its external relations,
4. The key issue for the Firm-Idea is not distribution, but production –what rules it is governed by and who participates,
5. It is not only about the economic value, but also about what non-economic values are important for generating economic value,
6. Economic value is value that has been added in the sense that it is higher than the value of the processed goods. However, it is not additional value, because it has been intercepted and not produced. Intercepting undue benefits (rentseeking), common in traditional business, does not create value and consequently weakens the economy and inhibits development even if it is profitable,
7. Obtaining economic value is not the ultimate goal – the goal is to develop the company by increasing its long-term ability to produce various values, including economic ones,
8. The value of a company depends essentially on its capacity for cultural overhaul. It is not an easy transition, a replacement of one model with another -it is a birth of a new format, a redefinition of the firm's idea. And this is why we call such companies Firms-Ideas,
9. The company's external operations are to exert a wider impact, which becomes, to some extent, a common field – a commons,
10. Common creation of value hinges on accepting responsibility and sharing it as partners.

The differences between these approaches can be easier to grasp by looking at different models of investing. In the traditional approach, the market process

is as follows: I conduct business – I produce goods – I commercialize goods – I monetize goods – I raise capital – I invest – I produce more goods; it is a process of accumulation and growth.

If someone monetizes value created by others without sharing the benefits or sharing them unfairly, this process inevitably leads to overexploitation of resources. In such a scenario, either there is no investment or the investments are intended to increase the interception of undue benefits, which leads to resource depletion, recession, and stagnation.

Another increasingly popular formula is so-called social investment. It is accompanied by the following logic: in order to obtain greater economic benefits in the future and be able to monetize the goods they produce more widely, entrepreneurs invest to multiply the overall pool of resources that can be also used by others. For example, an enterprise engaged in commercial activities related to the production of cultural goods may finance artistic education projects for children not because money can be earned from these projects directly, but in order to multiply the pool of creative skills that will be available for future use. Investing in such a formula involves transferring part of our resources to someone else, so that this person can develop their non-commercial activity and thus produce certain goods that may later be incorporated in our own business process. In such a process, effects related to growth and general development are intertwined.

Social investment undoubtedly represents transcending the pattern of traditionally understood business responsibility. It can only appear in a FirmIdea, which adopts a specific axionormative order as a foundation of its business. Thus, it is an enterprise that deliberately bases its internal order of operational efficiency (commercial order) on such a foundation. Not only does it want to produce things in an effective (right) way, but it also wants to produce the right things and strives to create appropriate macro- and microsocial (external and internal) conditions for this activity; it does good by doing well and does well by doing good. This is the way it interprets its social responsibility, and this is the responsibility it voluntarily accepts. The goal is not only to recognize the importance of corporate social responsibility in general, but also to run one's business responsibly as a matter of principle. Then the idea of the company reveals its economic strength. The firm's idea, therefore, defines the process of generating values which are supposed to satisfy important individual and social (communal) needs. This idea is not a concept or a project, but a selfdefinition.

Does the future belong to Firms-Ideas?

At present, we are observing a widespread change in consumer attitudes necessitating changes in the orientation of business. At the same time, we can see that there is a revolution coming in the way that customer relationships are organized and managed. This requires a revision in the philosophy and strategy of running companies in this new world, altered by growing demands and consumer awareness. In this new reality, the consumer-company and company-consumer relations are changing radically. Those entrepreneurs who will not react quickly and fundamentally to these changes, will not adapt their business model, will lose much or even everything. Those who see the change in time and prepare themselves for it will have a great opportunity not only to maintain their position on the market but also to succeed. The social credibility of corporations is being called into question in times of increasing consumer awareness and faster, more effective, and multilateral flow of information. Social stratification, uneven distribution of wealth, and growing pressures from profit-seeking investors have a major impact on the decline in confidence in companies and brands representing them on the markets. This results in less and less public confidence in the intentions of companies, their involvement in social processes, and the actual quality of products and services, reinforcing the belief in the growing cynicism of corporate marketing activities, which increasingly often cause irritation and even aggression on the part of the customers.

Many researchers recognize that the market economy is changing. Most often, however, their conclusions differ from the ones proposed here. First and foremost, they focus on companies' relations with the environment. Some, such as Porter and Kramer [2011], are calling for a change in the content of these relations, emphasizing the need to produce shared values, both economic and social, which corresponds with my way of thinking. Others reduce the necessary adjustments to changing the formula of communicating with the environment, postulating the need for a new marketing model. One such proposal is the 5S model, standing for science, substance, story, simplicity, speed [Gordon, Perrey 2015]. This approach in fact sustains the concept of a company focused solely on business performance, concerned with improving image only as an additional consideration.

True social responsibility is possible when it becomes an attribute of the company's core business activity and when the company starts placing importance on people instead of plying them with marketing and treating them as statistics. Therefore, as stressed by Muhammad Yunus [2014], its first question should be not be whether a man deserves a loan, but whether the bank deserves the man.

Whether this is just a temporary trend, a modification of leaders' rhetoric, or a true "warming of the axiological climate", it should be stated that there is a catalogue of the most desirable features of a modern company. Research shows that entrepreneurs most often want their companies to be characterized by: innovation, creativity, high intellectual capital, ability to learn, networking, social responsibility, management by values, self-fulfillment of employees, institutional intelligence, knowledge management, etc. – and these all belong to the realm of culture. If a business owner thinks about it this way, they are actually transforming their enterprise into a Firm-Idea.

In order to do this consistently, the action must relate to the functioning and development of the company and must be based on the awareness of some fundamental issues: 1) access to certain goods is more socially significant when it is associated with participation in their production; 2) economic strength and progress is driven by diversity, rather than homogeneity; 3) subjectivity comes from the formation of a wider field of action – for oneself and others.

Cultural transformation of a company entails a combination of three dimensions of functioning, which are: 1) communality based on values fundamental to the company; 2) individual self-fulfillment; 3) economic value creation.

An important point of reference for this argument is the issue of leadership. What is the role of a modern leader: a guide, a sherpa, a lighthouse keeper, a visionary? In general, they must be changemakers. And the purpose of these changes is to shape new opportunities for value creation. Bill Drayton, the founder of Ashoka, emphasized that this greatly facilitated by creating a team of teams, i.e., enabling the cooperation of people from different groups (organizations), with different skills and technologies at their disposal [Szcześnie 2014].

In a traditional business, the boss generally views their subordinates as inferior and does not wish them to improve because then they might become a threat. In a Firm-Idea, the leader is a champion persistently striving to make their subordinates champions as well. Such a leader understands that the company's future success depends on it, and this awareness gives meaning to their personal actions. Such leadership is not about hiring the best workers available. It is about gathering a team of good workers and making them the best, or in any case clearly better than before, that is – better than good.

I personally like the metaphor used by Ryszard Praszkiel: the leader is a choreographer who does not dance in their employees' stead or control their movements directly, but instead shows them and helps them arrange dance moves that will allow them to harmonize their motion with that of other dancers [Praszkiel, Santorski 2015, p. 43]. Leadership is the ability of a superior

to unleash the organization's potential existing in its participants. The leader is thus able to set the next frontier, determine the direction of development, the strategic goals, and the next step forward.

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

When thinking about values in a company context, we cannot consider them in terms of declarations and attitudes. Values exist as far as they are produced. In the case of a company, they are generated by its creative process, regardless of its kind. And this applies to both tangible and intangible assets. Therefore, it is not only about the company's "production" process, but also about the social dimension of its operations. The way a company operates is determined by its attitude to values, because they are either generated by it or not. The idea of a given company results from the definition and organization of its specific value creation process and is its verbal expression. If a company declares one thing while doing another, it means that it has no idea of its own.

If this is the way we frame the issue of values in business, then the commonly declared belief that a company based on values should only hire employees who are attached to them must offend. This means that we refer values to attitudes, not actions. Of course, an individual hired by any company, including opportunistic ones, must be a good fit in terms of both their psychological profile and competences, but their predisposition does not yet determine their integration into the value creation process. Using values and generating values related to human capital are two different issues. The latter is much more serious and does not depend on the employee alone. Limiting ourselves to the former is a sign that we think about values only in instrumental (functional) categories.

If values are considered in terms of production, then this process is naturally subject to modification and transformation: it cannot be designed once and followed ad infinitum. Were that to happen, the company would not develop. Companies develop when their employees develop. Therefore, it seems that continuous employee development is more important for a Firm-Idea than simply hiring the right people.

Let us consider the co-creation of values in the digital economy. Here, information and knowledge are key. An enterprise in the modern economy must be a "factory of knowledge". And the latter is generated by its employees and is its fundamental resource. Generation of knowledge is the result of mutual learning. And this is now becoming a crucial management issue. While so far market advantage has been obtained with products, in the digital economy this role is served by competences. The problem is that technological changes occur

rapidly and cannot be precisely defined in advance. This context diminishes the significance of vocational and professional training or training workers for specific jobs, while increasing the importance of the ability to shape new and previously unknown cross-competences resulting from the creative combination of different roles and known skills in relation to specific problems that companies need to solve in order to face their developmental challenges.

The new competences must result from combining different types of knowledge: not only those concerning the impact on objects (technical knowledge) and social systems (social knowledge), but also those derived from axionormative discourse (modal knowledge). Such complex knowledge and associated competences do not come from self-learning, but are generated in the process of communicating and sharing. A process like this cannot be designed. It is possible, however, to create conditions that are conducive to it. The nature of such knowledge and competences is emergent as they emerge in open social space-time.

In the digital economy, the importance of functional thinking and having a synchronous perspective does not fade away, but it does require a different, more dynamic interpretation. This can be clearly observed in the relationship between education and professional activity. Is it sensible to focus education on particular jobs or even professions when technology is evolving so rapidly? Even in the case of skill-oriented education, it turns out ever more often that, at its conclusion, these skills have already become anachronistic and actually redundant.

In a Firm-Idea, existential values and productivity (structural efficiency) come first. Operational efficiency, measured in companies in terms of profit, is obviously indispensable to maintain current activity. However, it is structural efficiency (productivity) that determines the possibility of progress for the entity (organization) carrying out this activity. Even if this entity is able to achieve high operational efficiency, without structural efficiency its activity becomes overly exploitative, consequently leading to stagnation and collapse.

This does not mean that operational efficiency and instrumental values should be disregarded, but they are not the ones determining the company's identity. And without becoming aware of this identity, the company cannot free itself from opportunism, because it has nothing else to rely on – even if it keeps losing at the opportunistic game, it does not know and cannot master any other because it will not understand its rules. Only by achieving developmental subjectivity can a company change its attitude towards its customers – becoming able to empower them and interested in doing so; strengthening them, instead of curbing their autonomy; seeing them as individuals and partners, rather than just consumers.

The premise seems straightforward. However, the road one must tread to follow these principles and apply them effectively is not. Undergoing a cultural transformation and giving up its opportunistic orientation offers the company a competitive advantage that cannot be replicated. Such an advantage cannot be purchased, it must be worked out on one's own, which makes it original and unique. A cultural overhaul of a company is not a technology – it cannot be installed, there is no generally applicable manual, it cannot be programmed by consultants (though they can provide some of the knowledge required). It has to be discovered and achieved individually.

For the company, of course, this poses a great challenge and requires enormous effort; it entails the risk of weakening its market position and financial performance. The effects will not come immediately. This will take time. Also because of the fact that, while it is possible to consciously embark on the path of the company's transformation, it is impossible to fully plan it in advance; nevertheless, reflection is required to avoid confusing goals with results in the future and ensure that the achieved effects are lasting and bring about developmental sustainability. They are milestones in the company's development. By setting them up, the company becomes capable of self-development, subjectivized. It is able to plan subsequent stages of its growth.

One of the reasons why reworking a company requires as much time is that its acquisition of developmental subjectivity is meant to result from the acquisition of subjectivity on the part of employees and teams. This is a gradual process of evolutionary progress, a transformation, not a transition. This process requires persistence and patience because it is simultaneously forming the company's social capital, fostering trust and ability to cooperate, shaping the company as a voluntary community.

In a Firm-Idea, the process of creating value is more important than the product. A product can be made independently, while value creation is interactive and requires complex social collaboration; it cannot be just a matter of technology or be translated into algorithms, it cannot be conducted in a closed circuit. It works like a spiral wound by interactions of various actors, the disappearance of which turns the ascending spiral with its upward trajectory into a descending one, with its vector down.

Firms-Ideas are relational companies. Their activity is set in time differently – time for them stretches beyond a given moment; it is spread between past and future, between unique identity and self-directed development. The key dimension of their activity is axionormative, structural, and it is structural – and not only operational – efficiency that they strive towards.

Spatially, relational companies operate where they have partner connections, in places where their stakeholders, not just occasional customers,

operate. Stakeholders are their partners as they participate in the co-creation of values – jointly they form a gravitational system that not only lends dynamism to their activity, but also allows for a gradual expansion of its space-time. The economic risk in such a gravitational system is distributed proportionally to the contributions made to value creation and is organically, not mechanically, insured. In such a system, working for oneself also means working for others – and the other way around. In this arrangement, it does not pay to abuse trust or act unfairly because such an attitude would immediately cause trust to dwindle and fade away (and even if some short-term results were achieved in this manner, their cost would quickly become all too apparent). Firms-Ideas are companies focused on coproducing value for all their stakeholders, and not just on generating profit for the owners.

Opportunistic companies resemble predators that are able to effectively claw for survival, even in perilous environments. However, if the environment is fundamentally altered and its resources are depleted, the predator will die. Predator companies do not concern themselves with shaping their environment or producing resources – they intercept these resources and appropriate them. Relational companies cannot operate like this. On the contrary, they focus on producing and co-creating resources, which allows them to transform and grow. Faced by pressures from its predatory competitors, a relational company may not survive on its own. Therefore, its safety depends on the strength of its partnerships, and it must keep establishing and maintaining such relationships. Otherwise, it is doomed to fail. A Firm-Idea is for itself what it is for others, unlike an opportunistic company, which is for others what it is for itself. While opportunistic companies sniff for opportunities, relational companies seize their chances.

In Firms-Ideas, leadership is predominantly transformational (developmental), while in opportunistic companies transactional leadership prevails. Laloux [2014, p. 41] underscores that transactional leadership focuses on performance and solving tangible problems, prioritizing tasks over relationships; it values impassioned rationality and does not trust emotions. Transactional leadership turns managers into overseers of salesmen. In turn, relational leadership adds meaning, engaging in the telling and making of history.

Conclusion.

The Firm-Idea: towards a relational market economy

The essence of the ongoing search is to find an innovative connection between economic efficiency and respect for and production of value – the necessary foundations for maintaining long-term productivity and development.

Any new value creation mechanism will be subject to market pressure as it becomes popular. Business will want to annex it and integrate it into the economic circuit under its control. This is well-exemplified by the actions of corporations such as Amazon, Google, and Facebook. Corporate behemoths such as these three, as well as others, conducting their business along the traditional, market-driven, and predatory lines, will not wish or be able to maintain the social foundation of valorization mechanisms. Continuing to think and act in an opportunistic manner, they will master these mechanisms to exploit them for profit, but they will also destroy their innovative power supply. It is, therefore, a simplification to reduce economic valorization to market transactions alone.

A market economy does not have to develop by commercializing all manifestations of value-creating activity. However, it is apparent that such tendencies systematically reveal themselves in the current market economy. This results in, for example, the devastation of the natural environment. This state of affairs can be changed with the concept of the Firm-Idea. The problem is whether companies following this model constitute a sufficiently large and robust portion of the economy. Acting individually, they are not able to oppose the traditional model and modify the mechanisms of economic activity. That is why increasing the number of Firms-Ideas to sufficient levels is so important, and why they should operate in various areas of the economy, including – and perhaps most importantly – in the financial sector, e.g., as ethical banks⁵, sometimes referred to as human value banks.

Firms-Ideas are organizations that are characterized not by routine and growth, but by adaptation, experimentation, and development. They do not remain in the independence-dependence scheme. They consciously choose interdependence, which is advantageous as long as it means a deliberate combination of autonomy and selective cooperation. Only this gives rise to subjectivity, whose attribute is the ability to transform, i.e., develop. Companies that fail to transform collapse when a deep crisis hits. The ones that are able to adapt are not immune to crises but can find ways to overcome them. However, only the ones that define their ideas can adapt in ways that ensure their development and not just survival.

⁵ Ethical banks take a different, non-standardized approach to risk and their clients. For example, they support social cooperatives or businesses with relatively short business records that would not be considered attractive clients by commercial banks. Ethical banks differ not only in their approach to the clients, but above all in what they invest in, or rather – what they refuse to invest in (weapons, alcohol, and tobacco trade or investments associated with heavy pollution). In turn, they invest in all things that benefit the local community, making investments that are environmentally friendly and contribute to the reduction of poverty and regional inequalities.

Firms-Ideas do not turn their backs on the market or abandon the market economy – they exist in the market economy and operate therein. They are rooted in the social cycle of value creation, as once envisioned by Adam Smith. Let us not contrapose values in the service of business against business in the service of values. Both are important because both condition the other, launching a spiral of development.

The idea of a company will not emerge in an organization where diversity and multidimensionality are non-existent, because it will be tamed and ultimately reduced to authoritarian homogeneity. In Firms-Ideas, diversity is appreciated: it is stimulated and made coherent through discourse. The company's "idea" can then be compared to the collective imaginary of its participants, who value their shared future. Jointly they create a "community of fate". The said imaginary is not an imposed narrative, but a resultant of many imaginations and desires.

In a Firm-Idea, the employees are not contractors, but conscious co-creators. That is why they readily share their experience and knowledge. And that is what they expect from others. They understand that they have to jointly foster the acquisition of new competencies and develop the company together. They engage in participatory learning. It is impossible to ensure the company's development without tapping into the creative potential of its employees.

What distinguishes Firms-Ideas is not their declarations of values, e.g., in the form of codes of ethics or codes of good practices (though these may indeed prove helpful). The crux is whether and what values are produced in the company. It is not sufficient to say that we want to rely on trust; what matters is whether trust is systematically produced. Trust is easy to lose and difficult to maintain. Moreover, its generation in the company has to be specifically associated with the generation of other values; then and only then does it become permanent – it becomes a component of the company's axionormative order. If it is instrumentalized, understood in the shallow terms of efficiency, it becomes fragile and can be used not only to generate but to destroy other values. And then it disappears.

Although there are important micro-premises behind the need to develop a new approach to value in business, the key importance in this regard is held by a more general change, which is apparent at the macroeconomic level. The model of market economy driven by widespread credit consumption and financial speculation has led us into a global crisis. The need for a shift towards knowledge-based and creative manufacturing is becoming increasingly evident. And making this transition is not possible if we continue to believe that "the business of business is business".

For companies, this means, among other things, that it will be much more difficult for them to find an environment where expansive growth is possible and relatively easy. It will also force reflection on the sources of the company's value and the ideas for its development. In the new, changing, and uncertain reality, it will be much more important for companies to show perseverance in improving their specific value creation process than to take advantage of every opportunity and intercept benefits. A few decades ago, companies moved away from "economies of size" to "economies of scope"; now they are facing a transition from "economies of opportunities" to "economies of excellence". The point is not that every company must strive for absolute excellence and surpass others in every respect – that would be unfeasible; the point is for companies to constantly try to get better, so that they are good enough to be able to collaborate with others and not become redundant as market partners.

It is obvious that many companies lose their own idea over the course of their operation. This does not make them fail immediately. On the contrary, it may even turn out that they become more flexible and can make better use of the opportunities they encounter. However, such a company will gradually lose its subjectivity; it will face more and more difficulties, scrambling, and it will eventually collapse or will be taken over. In the past, such processes of degradation lasted so long that they were more difficult to notice and observe. Now they happen much faster, and there is less time to react.

The concept of the Firm-Idea is not another ideology, an imposed system of values. It is a concept, not a dogma. It is not a formula, an ideal model, but a subject-specific definition of an axionormative order and its development, one that is subject to reflection and gradual modification. The key to understanding and interpreting this concept is that it is about producing values and not about declaring or professing them. The idea of a company is not something given from the top, but something born in an organic process, something needed because the organization becomes, subjectifies itself, and is an object of common reflection.

CHAPTER IX

TRANSITION FROM AN OPPORTUNISTIC TO RELATIONAL MARKET GAME

Introduction. Towards a circular economy

The circular economy is a model of market economy that is desired by many. Its name is translated into Polish as the “closed-circuit economy” (*gospodarka o obiegu zamkniętym*) due to its association with the management of raw materials, especially with recycling. However, this approach is too narrow; its connotations are clearly more associated with an engineering perspective rather than a socioeconomic one, as it implies a separate process that is fully controlled by technology. And yet circular economy is about much more: thinking about economic activity not as a circuitous and closed process, programmed and repetitive, but as a circular spiral, in the sense that it is a process of self-sustainable development that uses resources in such a way that they can be recycled.

The point of the circular economy is not to form an entirely new, alternative concept of the economy, but to gradually transform the current linear economy⁶ into a circular one and develop appropriate business models for it. The essence of this change is to move away from paying for ownership and towards paying for use. The former implies a “take-make-dispose” model of

⁶ By linear economy I mean an economy that is essentially focused on incremental growth. The goal is to achieve – through the use of known instruments – growth of certain economic categories, especially profit. Economic activity is then understood as a cause-and-effect process taking place in a stimulus-response scheme. Its most important quality is its intensity.

consumption in which a significant part of resources ends up as waste. This process does generate value but also destroys it on a significant scale. All the more so because, in order to drive consumption and the economy, manufacturers (and, to some degree, consumers) want products with a short life span. This leads to sterile growth and often to a robbery economy. What is redundant and residual in a linear economy becomes a valuable resource in a circular economy. The point is to reduce the process of destroying value that characterizes linear economies. This is well illustrated in Figure 18.

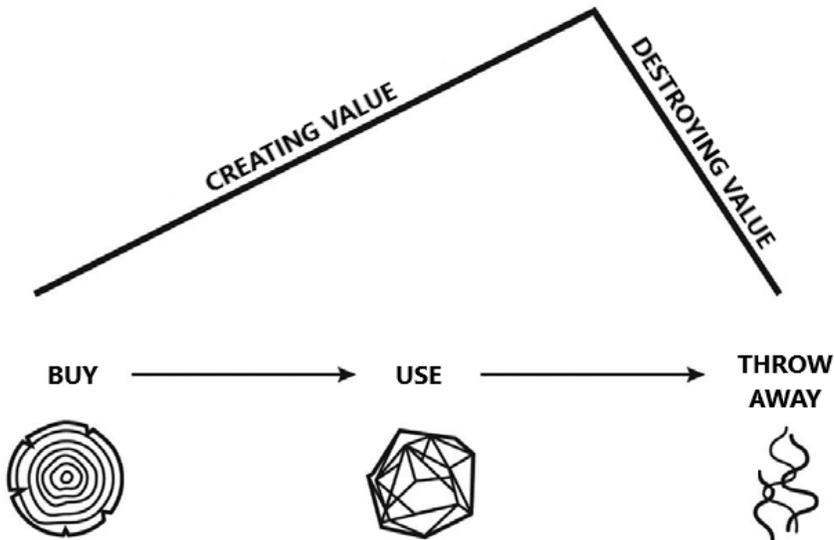


Figure 18. Value in linear economy.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

So far, thinking in terms of circular economy is mainly related to managing raw materials. Most likely because the linear model has had a disastrous impact in this area - not only local or regional, but also increasingly global. The idea of circularity in this sector is illustrated in Figure 19.

One of the nations that have recognized the importance of circular economic activity for the development of the national economy is the Netherlands. In 2016, the Dutch government adopted a long-term program: “A Circular Economy in the Netherlands by 2050. Government-wide Programme for a Circular Economy” [Circular 2016]. This program goes far beyond raw material use and recycling. It refers directly to many technologically advanced sectors, such as the chemical industry, logistics, or creative industries.

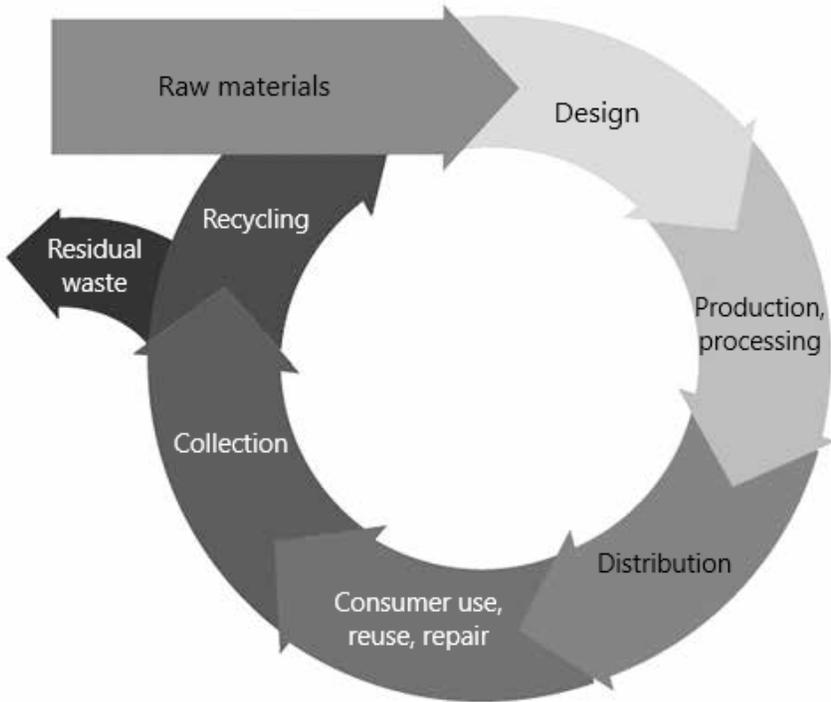


Figure 19. Closed-circuit economy model.

Source: Hausner et al. 2015, p. 37.

It designates the following five areas of government intervention meant to encourage the transition to a circular economy: 1) fostering legislation and regulations, 2) intelligent market incentives, 3) financing, 4) knowledge and innovation, 5) international cooperation.

The Dutch government clearly defines its role as a facilitator and not an organizer of circular economic activity - understanding that little can be gained by resorting to topdown enforcement in this case. Circularity will only take root if it is profitable - if private operators form appropriate relationships of their own accord in the belief that it will bring them long-term benefits. They must become aware that the heretofore dominant linear economy model has many adverse effects, which cumulatively diminish the economic potential of their businesses and undermine their sustainability. They must realize that the seemingly external effects are not, in fact, external and do not dissolve in some undetermined space, but cause waves that

gradually erode the land from under their feet. The fact that these effects are not included in the accounts and balance sheets of the companies causing them does not mean that they cease to exist or affect their causers. Their influence often goes unrecognized for long periods of time and thus continues to be tolerated. But over time it can cause serious consequences and result in enormous balance sheet losses.

The authors of this program emphasize that circularity develops much faster on a local scale, where the negative impact of linearity is felt more keenly. They encourage the formation of local coalitions involving various types of entities, including scientific and educational institutions. They argue that the participants of such local networks of circularity should be able to benefit from preferential taxation, especially when making joint investments. Networks of circular economic activity serve not only to exploit but also to multiply local resources.

Rooting circular economic activity locally can prove very advantageous in terms of job creation. It is likely not only to protect a significant pool of jobs, threatened by the effects of technologies developed as part of the fourth industrial revolution, but will also create new, sustainable jobs in enterprises involved in local networks of circular economy. The creation of the latter can be facilitated by the activity of, e.g., local “knowledge banks”, research and educational institutions, and investment funds interested in promoting circular economy.

The success of the said government program depends on, among other things, adequate mobilization of funding. It must be tailored to the specificities of circular activity, which is characterized by different risk profiles, different depreciation periods, and a different cost-benefit balance in comparison to linear activity. Generally, circular innovations have higher capital requirements [Circular 2016, p. 30].

Interpreting a circular economy as a closed-circuit economy is far from sufficient. That is why I prefer to talk of circular economic activity and, specifically, developmental circularity. The aim should be to include external effects (externalities) in the accounting and financial performance reports of the companies generating them. If the negative economic and social consequences of the companies’ activities can be passed on to others, then there is no responsibility, and opportunism is promoted. A positive solution to this problem cannot consist only in specific administrative regulations (a system of control and sanctions). It requires deeper institutional changes in the sphere of relationships between companies and their economic and noneconomic environment. Responsibility understood in this way is not

a CSR-esque proclamation of caring but a conscious attempt to launch the process of renewing the social and economic resources used by the company, even they are actually purchased by the company. Such responsibility is not an effect of external enforcement, but of reflection and the resulting adoption of internal norms. The aim is, therefore, to create a system of incentives that will encourage companies to adopt such responsibility.

Financial incentives in particular are surely important, but this is not only about them. Financial solutions are the source of the disease afflicting the modern market economy, but they can also be a cure if the financial system is modified to favor economic circularity.

The logic of investing is different in linear and circular systems. In the former, investors are only interested in returns on their invested capital, i.e., whether it will generate a sufficient stream of income (cash). In the latter, it is also important whether this stream is used to maintain and develop the resource that was mobilized to make the investment and the resource that resulted from it. Otherwise, the investment does not lead to sustainable economic activity and/or places a financial burden on someone else.

Islands and archipelagos – the gravitational field of the relational market game

Lester C. Thurow believes that “our future is to be found not in the stars, but in understanding the path that we trod” [Thurow 2003]. Significantly this phrase, used as a motto for Thurow’s book, does not speak simply of treading the path, but of understanding it. Treading the path here seems self-evident, as if Thurow considers heading towards something as a natural activity that is not necessarily accompanied by reflection – the latter is required so that we may determine our future. Then we are not only acting, but also making a conscious, deliberate choice to behave in a certain way, modifying this behavior in line with the changing circumstances. This includes, among other things, reflecting on the distant consequences of our actions. Not only do we become aware of them, but we also accept our (co-)responsibility for them. Developmental reflection is not simply planning.

Thus interpreted, Thurow’s motto reflects the essence of subjectivity and development. The idea is to understand what we are striving towards and how, and to take responsibility for the resulting consequences. This is what the idea of a company is about. It is through understanding the paths trodden by the company that its future is shaped, that it gains subjectivity in determining its developmental trajectory.

One component of subjectivity is the ability to problematize the situation of a given actor, either individual or collective – this means both defining the problems and identifying the ways they can be solved. This ability stems not only from the knowledge one possesses, but also from experience, which enhances one's ability to learn. It cannot be developed in a company that lacks its axionormative identity – its idea. Without it, the company may be able to react flexibly to various types of external or internal changes, but these reactions will be situational, impromptu, and lacking a strategic dimension. Even if they bring good results, they will inevitably lead to the company's objectification. The company will gradually lose its subjectivity and ability to determine its developmental trajectory. It will come to resemble a sailing ship adrift at sea; even the most favorable winds will not be of much help if the crew does not know where they wish to sail.

We need to consider what would be conducive to transforming the opportunistic market game into a relational one. It is already apparent that the concept of corporate social responsibility will not do the trick. Its dissemination does not prevent market opportunism on a wider scale. Therefore, I am convinced that what is required to stop economic opportunism and limit the negative consequences of the transactional market game is to promote the model of Firms-Ideas, which must shape the environment of their partner relationships in order to develop on their own and acquire subjectivity. They cannot remain isolated islands; they must cooperate with other organizations (not only business ones) to form archipelagos. Each must have an idea for itself, but realize it in partner relationships with other organizations – relationships that are mutually empowering and sustaining; relationships that shape economic and developmental circularity.

Archipelagos formed in this fashion are now necessary to prevent the market from being monopolized and to generate a relational, rather than transactional, gravitational field of the market game. Educational and regulatory support is necessary, but an alternative to the opportunistic attitudes of companies is also required. Companies give up opportunistic behavior when they conclude that it does not pay off – when they realize that they can and are able to act differently; that trust must not be abused but, on the contrary, should be strengthened because it brings more benefits; that it is better to develop the manufacturing process than just sustain the sales of certain products or services.

I found the inspiration to describe development with the metaphor of islands and archipelagos in a book by Nicolas Bourriaud [2002]. He also contrasts the vision of an archipelago with the vision of a uniformly developing continent. A continent implies giving a holistic meaning to history and development. An archipelago allows many narratives and developmental trajectories.

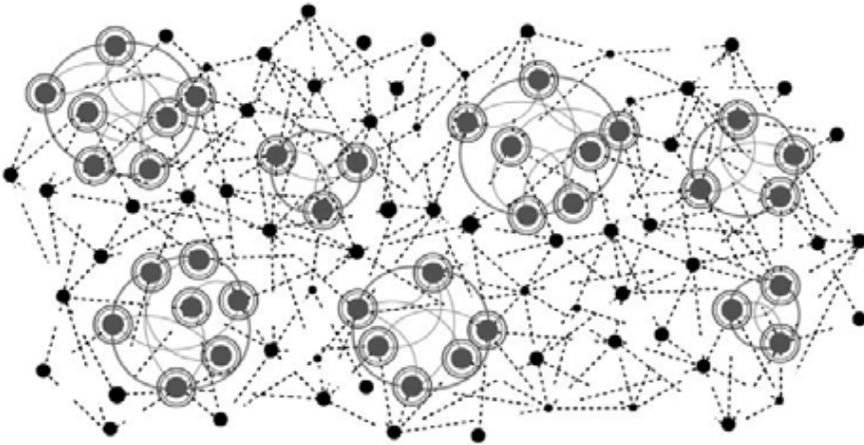
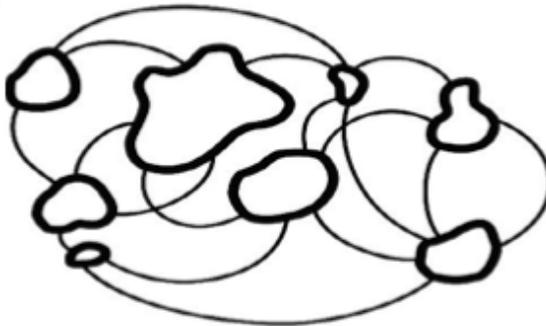


Figure 20. Gravitational field of a relational market game.

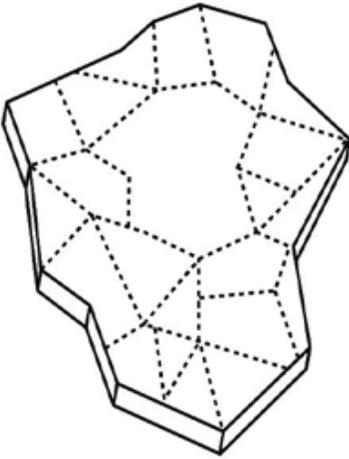
Source: own work (illustrated by Karolina Wróblewska-Leśniak).



- Diversity is coherent but non-homogenous,
- The islands in the archipelago attract but do not absorb each other; they remain in close proximity,
- Each island (participant) must be aware of its own separateness and distinctness, but also associate its activity with the activities and identities of others,
- To remain in the archipelago, one must change, become someone else,
- Relationships in the archipelago are non-linear; thus they are autocatalytic and emergent.

Figure 21. Islands and archipelagos.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).



- Continental players are generally stronger than the islanders,
- They draw strength from weakening others that are weaker than them, from making them dependent and treating them as clients,
- The continent's pressure on the archipelago cannot be turned off,
- The dissemination (scaling) of innovation does not have to consist in transforming archipelagos into continents.

Figure 22. Continent.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

Looking at development from this perspective allows us to note that it begins with local impulses, voluntary initiatives that create and strengthen communities of people guided by common values and pursuing concrete and practical goals (islands). In order to achieve these goals, they need to communicate and interact with other communities, thus creating a network of relationships (an archipelago). And this triggers a movement that leads to social change – a change understood as generating different norms and rules pertaining to the co-creation of values, i.e., a different model of coordinating collective action. This movement is driven by the cooperation between communities (islands) and by finding new forms of exchange (allocation of resources). It is not linear, but multidirectional and, above all, inclusive. Each island can join voluntarily, thus cocreating the archipelago and contributing its resources and energy to the movement, facilitating systemic change. Importantly, not every island needs to cooperate with everyone else. Therefore, it is not about homogenizing all landmasses into a continent (as this inhibits development), but about making their distinctiveness more coherent and about stimulating their subjectivity. Islands are to be islands – subjects aware of their own separateness and the separateness of others, but they are not to isolate themselves. On the contrary, they are to strive for interactive partnerships with other islands.

Many different kinds of relationships can arise in an archipelago. There are always new opportunities to experiment and generate new forms of dialogue, resource exchange, and value production – new ways of testing the usefulness

of different solutions in the society. This may be called hybridization, but it is not forced or standardized. The archipelago will not promote development if some network of connections is imposed from above. There should be many connections and many opportunities of forming new ones. Thus, the archipelago also becomes a constantly commoned space of communication and generation of meaning – in its essence a cultural space or, more precisely, a multicultural one.

A gravitational system created by relational companies can be compared to an archipelago featuring variously equipped islands with different production capabilities and linked by robust connections that provide them with a capacity for intensive multilateral exchange – they become an interdependent and coproductive system, in which multidimensional interactions and flows reinforce each other. As a result, each component of the system (island) gains additional power and dynamism without losing its independence.

However, such archipelagos must include not only companies but also other types of entities, such as research centers, universities, or banks. From the bottom up, specific economic clusters can thus emerge with strong local roots but also the capability to expand their territory and face competition from continental giants. The aim of their participants is not to concentrate assets and form monopolies, but to create an environment that expands the space in which others, including non-business entities, can operate.

Companies cannot limit themselves to using only their own resources. This would be simply unfeasible. They must take advantage of resources provided by other actors as well as resources that are generally available (e.g., qualifications and knowledge). Therefore, it is impossible to operate a business without interacting with other actors. Economic activity requires networking. However, its forms are constantly changing.

The operation of every social network is based on trust. Without it, transactions would not be possible, and the market would not work. Obviously, there is always the possibility of fraud and abuse of trust, so making transactions involves an element of risk – this is the other side of the coin. This is why trust is instrumentalized in accordance with the risk: it is never unconditional. Instrumentalizing trust and mitigating risk would not be possible without general, generalized trust. Both types of trust: general (existential) and situational (instrumental) must coexist. Abusing instrumental trust destroys it as a generally available resource (good). In turn, maintaining instrumental trust produces it as a common good.

Interactions may lead to lasting relationships. Then the actors concerned have more in common than just conducting transactions, even repetitive ones. They engage in cooperation, the purpose of which is the coproduction of values.

And if such a partnership is based on the production of existential values and not only instrumental ones, it becomes a community. Partnerships and communities also involve risk, in fact it is greater than in the case of making transactions. Here the abuse of trust has far more serious consequences. Therefore, these forms of cooperation require greater trust, generated by common experience.

It follows as well that a company also shapes its community and the gravitational field that surrounds it. And, depending on whether the company is opportunistic or relational, it generates a correspondingly opportunistic or relational community and gravitational field. Relational companies operate under pressure not only from opportunistic companies but also from the gravitational field that they produce.

An archipelago formed by partnership and coproduction of value is an effective way for Firms-Ideas to gain resistance and strength. For this to happen, however, the archipelagos created by relational companies must also be clusters of productivity. They can be formed not only to resist opportunistic pressures, but also, simultaneously, to facilitate their own development.

An orientation towards productivity is linked to a different, broader understanding of value and the recognition that economic value is produced in a social process: it is the result of cooperation between many different actors. It is not about exploiting the value chain, but about forming value creation networks (partnerships), which can be described as productivity clusters.

The tension between efficiency and productivity is exacerbated in the digital economy. The implementation of digital technologies reinforces opportunistic and transactional orientations. Jennifer Brandel, Mara Zepeda, Astrid Scholz, and Aniyia Williams, the founders of the Zebras Unite initiative [Zebras 2017] provide an apt description of this tendency. In their opinion, the digital economy favors quantity at the expense of quality, consumption at the expense of production, quick achievements at the expense of sustainable growth, and shareholder profits at the expense of social benefits. With this in mind, the authors contrast two models of the modern enterprise. They describe them metaphorically as unicorns and zebras. Unicorns represent the dream of technological startup founders: to create a company like Google, Facebook, or Amazon – a large and dominant company whose capitalization grows exponentially. Zebras are herd companies that derive their success not from size and strength, but from partnerships and coproduction of values. For unicorns, all that matters is efficiency. For zebras, productivity is key.

The essential problem with unicorns is that there can only be few of them. Their success comes from being able to impose such conditions of the market game that effectively weaken their competition. “Beat or be beaten” – that is

their creed with regard to competition. In an economic environment of this kind, few can win and survive. It is a non-cooperative game that stimulates and favors predatory behavior. At the same time, it is a game where only financial capital counts, and the latter is acquired chiefly from the market – from financial organizations that specialize in the asset game.

The success of zebras depends on whether they are able to create their own economic environment in which they can avoid becoming dependent on unicorns. They draw their strength from productivity, and this requires the formation of value creation networks, i.e., archipelagos wherein the success of each company (island) is conditioned by the success of its system of partnerships (archipelago). The islands do not need the archipelago to carry out current transactions, but to produce jointly, innovatively, and productively. This also is a game, featuring both collaboration and rivalry, but it is essentially a cooperative game that stimulates and promotes relations, and not just transactions.

In both cases, we are dealing with networks of interdependencies, but their character is different. In the case of unicorn companies, networks based on synchrony and linearity are dominant – these are networks of exploitation. In the case of zebra companies, diachronic networks and relations are prevalent – these are networks of development. Categories (variables) such as time, resources, relations, knowledge, space, continuity, and variability work in different configurations in these two models, and the social space-time these environments produce differs as well.

An environment of unicorns is based on opportunistic and transactional game, and the most important thing is the here and now. What counts is self-interest and immediate benefit. The present displaces the future, and community disappears. An environment of zebras is based on a relational and cooperative game, and what really matters is development understood as subjectification resulting from the ability to determine one's own path, the trajectory of developmental movement. The future “hauls” the present, and communality is strengthened.

Communality is understood as collaboration, but also as a common space-time of action in which a shared responsibility for its maintenance and development is born. Actors are guided by their interests, but in a way that does not erode the social fabric of the production of good and common goods. In such a space-time, a sense of social rightness and purposefulness appears. It has its distinct axionormative dimension. This allows its participants to engage in discourse about what is common, right, and purposeful for them. Thus they are able to think and act in a fashion that is not only molecular, but also modal – one that shapes the rules of the economic game.

Relational financing

One of the key dimensions and conditions for the formation of the relational market game's gravitational field is the transition from transactional to relational financing. Arnoud Boot provides an interesting description of this phenomenon [2016]. He emphasizes that, in recent decades, the banking system has been undergoing the reverse process. The activity of banks has been becoming increasingly transactional. The reasons for this have included securitization, which has made assets the objects of sales. Assets became a currency of trading, which required their removal from the banks' balance sheets. Diversification and liquidity of assets ensured their high exchangeability, but this turned banks into aggressive participants in the opportunistic market game. They became universal financial institutions and lost the character of public trust organizations.

The ownership structure of the banks changed as well, becoming less stable and permanent, more liquid, mainly due to the greater role of stock ownership. The increasing liquidity of banking activity was accompanied by the growing liquidity of their ownership structure. All this served to intensify transactions and asset trading. Traders began to dominate the banks, while presidents took on the role of overseers of their subordinate sellers. The intensification of sales was bolstered by the intensive computerization of the banking processes. FinTech became a commonly used term describing and justifying this phenomenon. Traditional investment banking based on acquaintance and partnership with clients was replaced by merchant banking, serving masses of anonymous clients with the goal of hustling them into buying various products, even ones that were clearly risky and unfavorable. Opportunism became the guiding principle of banking and proved to be extremely profitable. At least as long as the boom continued.

The opportunistic banking game resulted in significant profits, but also strengthened the internal position of those individuals that played most effectively. They quickly gained the status of banking celebrities and their remuneration rose to the levels received by Hollywood celebrities or sports stars. However, this resulted in the progressive erosion of the relationships and processes that generated identity and institutional value within the banks. The bank itself became a field of the opportunistic game; individualism increased, and community disappeared.

Boot aptly stresses that, in traditional investment banking, partnerships served to curb individual marketability and opportunistic behavior:

- a partnership meant that bankers had their personal wealth tied up in the business – they owned the equity claim of the business,

- the partnership structure was such that the equity was (optimally) marketable [Boot 2016, p. 434].

The economic value generated by a long-term partnership disappears when this partnership is dissolved. Replacing partnerships with opportunism brings high profits in the short term but at the price of elevated risk and reduced stability. At the same time, the mechanisms for measuring and controlling the risk are being removed. The interests of individuals begin to prevail over the interests of the bank. And all this happens to the misleading accompaniment of claims that the focus is shifting from product-centered to client-centered. When the banks announced that the customers were at the heart of their operations, they did so mainly for marketing reasons – their actual operating model was meant to support the sale of products, preferably in packages (e.g. bancassurance).

The transactional orientation of large multi-purpose banking conglomerates generates enormous systemic risk. And as it turned out after 2008, there were no significant institutional protections against it and no market counterweight. The question therefore arises as to whether the banks, as participants and animators of the opportunistic market game, will maintain the necessary confidence of their customer – whether they survive or are displaced by other forms of financing, e.g., by even more transactionally aggressive players – financial supermarkets operating as virtual platforms.

A developed network of small local or regional banks, e.g., cooperative banks, helps foster a relational market game and form productivity clusters. Also helpful are specialized international non-governmental initiatives such as the Forest Stewardship Council, which has created a global certification system for entities and products that comply with sustainable forest management standards.

The system of managerial remuneration

The model of shareholder value should be contrasted with the model stakeholder value. However, if this is to be more than just a play on words (shareholder versus stakeholder), then a precise explanation must be provided of how value is defined in both models. In the former, it is a share, a return on the invested financial capital. Value here is related to profit and its distribution. Contrasting the latter model with this one is sensible only if value is related not only to the distribution of profit, but principally to the process of production. Value is then not only the financial result – it is a component of everything that has been produced, or rather coproduced, by various stakeholders. For

a shareholder, value is their return on capital; for a stakeholder, it is a multifaceted benefit – including remuneration – that they receive as a result of participating in the company's production process, in the process of generating value specific to that company. This does not only pertain to the company's employees, but also to external stakeholders who participate directly in the company's production process, e.g., by educating the company's current or future employees.

Spreading this model of company management will not be possible without breaking the link between managerial remuneration and the value of assets on capital markets. This means, however, that other mechanisms are required to evaluate companies and their products – mechanisms that relate to the structural efficiency (productivity) of the ways in which various resources are used and assess the sustainability of specific business activities.

The introduction of employee shareholding may also facilitate the formation of a people-centered company model. However, it should be noted that this does not in itself prevent opportunistic and transactional orientation of companies, as evidenced by the case of Enron's downfall. Perhaps a stronger constraint would be to establish a shareholding structure involving other stakeholders as well, not only employees.

If the emphasis is on efficiency, then the resulting economic growth will not be inclusive. On the contrary, it will gradually lead to income and social stratification, including the marginalization and exclusion of significant parts of the society. This is due to the fact that an efficiency-centered approach implies a cost competitiveness model. In this model, competitiveness is based on reducing costs, including those related to remuneration. Regardless of the level of remuneration, one competes by keeping it in check. As a result, competitive advantage is sought in relatively cheap work. And this can only be enforced by applying economic pressure and coercion, which is facilitated by unemployment and the employer's dominant position on the labor market.

Placing emphasis on productivity has different consequences. A productive model of competitiveness is only possible when the employees are personally involved, when the quality of the work and the adequate use of its resources, including human capital, are ensured. Economic growth stimulated in this way promotes social cohesion.

The system of managerial remuneration must be changed. However, this will not be initiated by the managers themselves. It must be enforced by public authorities. The levels of remunerations may be limited directly, but it is more important to establish the principle that the remuneration of the board members is paid out of profit after the company undergoes an independent audit and pays its taxes.

Managing intangible assets

Most companies buy the same equipment and have access to the same technologies as their competitors. What distinguishes them is usually not tangible assets, but intangible ones – related to the employees, their knowledge, intellect, imagination, and creativity. This is what allows the company to use its material capital more effectively than its competitors. Thurow paints the following picture: “The firm’s only significant asset goes home every night, is an independent decision maker as to where his skills will be employed, controls the effort that she will or will not put into the firm’s activities, and cannot be owned in a world without slavery” [Thurow 1996, p. 280].

For a modern company – its functioning and development – the relationship between its hard (material) and soft (cultural) capital is crucial. The effectiveness of the use of tangible assets (profitability) depends more than ever on the inclusion of intangible assets. Only this creates a foundation for productivity, which determines the company’s capacity to adapt and develop. “Communication among assets becomes much more important than the concentration of assets” [Thurow 1996, p. 280]. Therefore, it is not the size of the company or the scale of its resources but its adaptive dynamism that often determines its market success. Today, strategic advantage is obtained from knowledge and self-knowledge. From the macrosocial point of view, the role that technical infrastructure played in the industrial economy is now played in the digital economy by knowledge infrastructure.

The changing relationship between tangible and intangible assets is shown in Figure 23.

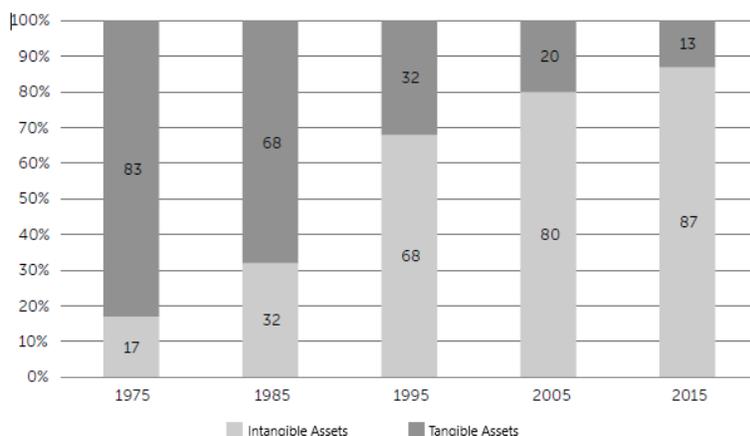


Figure 23. Components of S&P 500 market value.

Source: Ocean Tomo 2015.

Opportunistic companies reduce the issue of managing intangible assets to acquiring and protecting intellectual property. This is how they compete and make their competitors dependent. However, experience shows that this practice is becoming more costly and less effective, as clearly demonstrated by the example of patents.

Bartłomiej Biga justifies this thesis by putting forward and documenting the following arguments: 1) high costs of obtaining and maintaining patents; 2) patent flooding (more than one million patents are granted annually worldwide); 3) only 5% of patents generate revenues from royalties; 4) litigation in this area is costly and unpredictable; 5) 19% of patent lawsuits come from patent trolls; 6) the actual life span of patents is short; 7) the dizzying pace of patent racing; 8) limiting the use of alternative business models [Biga 2017, p. 150–159].

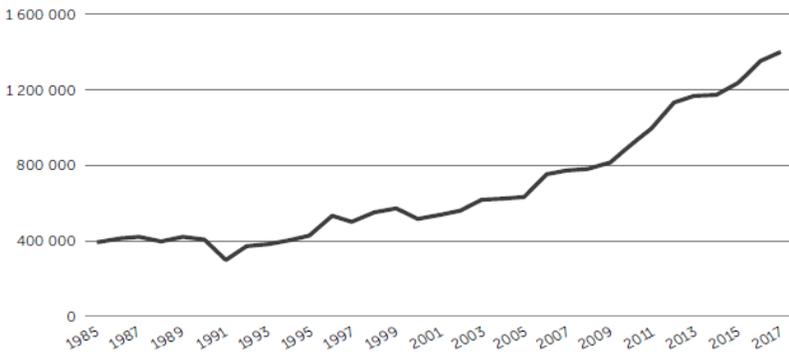


Figure 24. Number of patents granted annually around the world.

Source: WIPO Statistics Database 2019.

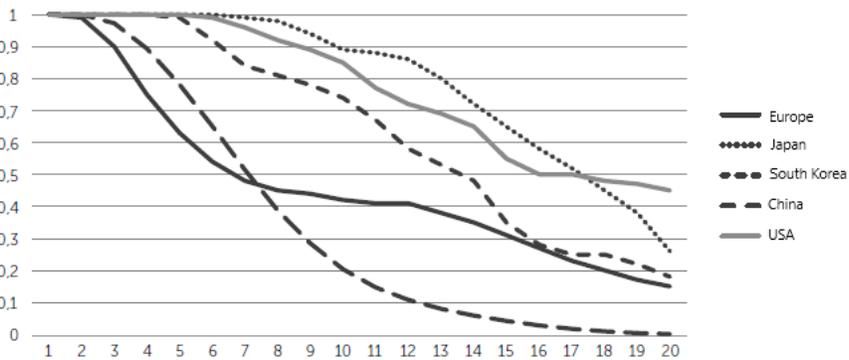


Figure 25. Percentage of patents maintained in successive years.

Source: IP5 2011.

Considering that Firms-Ideas develop by entering into partnerships, they must adopt a different approach – one that is open and inclusive. To describe this approach, Bartłomiej Biga suggests the term “targeted diffusion”. It means that the company does not focus on protecting its intangible assets but on promoting them, sharing them under certain conditions, and, particularly, co-producing them with its partners. Such an approach to the use of intangible assets is a manifestation of long-term and strategic thinking that enables the company to direct its development.

Biga presents and elaborates on the following arguments for his proposed approach: 1) reduction of costs associated with obtaining and maintaining patents; 2) greater ability to control the dissemination of information; 3) greater benefits from being the holder of the first copy; 4) influence over the creation of standards and the direction of development in a given sector; 5) greater market for the sale of complementary goods and services; 6) easier establishment of lasting cooperation; 7) possibility of limiting patent flooding by defensive publications; 8) greater opportunities to obtain other benefits from creative activity [Biga 2017].

This fundamentally changes the approach to market competition and to the acquisition of competitive advantage. Cooperation, rather than isolation, becomes the norm – which does not exclude competition. A company’s market position then depends more on its ability to coproduce and share than on protecting itself and excluding competitors. Opportunistic companies try to pass the risk on to others, while relational companies try to share it with others in a reasonable manner. In the case of innovation related to intangible assets, this is particularly sensible because, as stated above, protecting intellectual property is relatively ineffective and costly.

It is worth emphasizing at this point that recording intangible assets accurately in company accounts would provide better justification for changing the approach to their management. At present these resources are generally not included on balance sheets. This systemic flaw of the accounting and analytical practice makes it difficult for companies to make the transition from the opportunistic to the relational model.

It is also worth noting that there is another difference between intangible and tangible assets; in the case of the former, the market game does not lead to the emergence of speculative bubbles. This is because their accumulation works differently: they become assets when they are used creatively. They cannot be stocked for future use. They are specific, i.e., their usefulness is concrete and not general. They work in particular contexts.

Relations with stakeholders

In the digital economy, shaping good relations with stakeholders is manifested by the intensive use of social media. Martin Harrysson, Detlef Schoder, and Asin Tavakoli [2016] present the evolution of the ways in which these media have been used by modern companies in three stages. Initially, social media were used as marketing tools to influence customers. Subsequently, they became tools of employee communication as part of knowledge management within the companies. Finally, in the third and most advanced phase, social media have begun to be used to shape company strategy. Their use blurs the boundaries between the company and its suppliers and customers. The authors describe this phenomenon as a democratization of company strategy. In fact, there is much more to it than that, as the company's production process is being organized in a way in which various stakeholders (such as suppliers or customers) can become conscious coproducers. This is no longer just a different approach to forming a strategy, but a strategy that is different in the generative sense. One in which the company's stakeholders are partners, and the company bases its production process on this partnership. Rather than a different communication strategy of the company, it is a different philosophy of doing business, an alternative to opportunism. Saying that a brand is a commitment only makes sense if the brand entails a lasting and symmetrical relationship between the company and its customers. It is a symbol of engaging in a relationship of coproduction and co-responsibility, of co-creating and co-sharing.

The use of digital technologies by companies is becoming increasingly widespread. The mere fact that a company uses them says nothing about its nature. It is only by recognizing how it uses them and how they shape its internal and external relations that we gain insight into its character. Opportunistic companies employ digital technologies and big data to intercept and monetize information produced by others. They become clever intermediaries who gain an advantage in the form of rent extracted through intermediation.

One of the concepts that have come into fashion and have become crucial for management specialists and managers is agility. Supposedly it explains the source of the success of modern enterprises, especially in the area of digital economy, but it is also being referred to, e.g., utilities [Heiligttag, Luczak, Windhagen 2015]. According to the advocates of this approach, agility is used to describe organizations that are both quick and stable. It allows them to be innovative and learn, maintaining a balance between quick and operationally disciplined action and the ability to adapt. Their performance is based on three pillars: top-down innovation, capturing external ideas, and knowledge

sharing [Bazigos, De Smet, Gagnon 2016, p. 29–30]. For the supporters of this approach, such organizations are hybrid in nature, combining the features of start-ups and hierarchically structured companies.

In my view, what we are dealing with here is a form of an opportunistic company, but one adapted to the conditions of the digital economy. New ideas are often mentioned, but the actual goal is to excel at effective operational exploitation of the arising opportunities. In practice, these new ideas are simply business ideas developed by others that are applied at home. When such companies emphasize their openness, including working in the opensource mode, they are still primarily interested in gaining access to the ideas of others and increasing their own benefit. Therefore, they are not keen to form lasting partnerships with other organizations, as this could be cumbersome.

There is growing talk of blockchain, also known as distributed ledger technology (DLT), which allows the elimination of this parasitic intermediation. DLT enables partnerships consisting in a type of direct exchange of information and resources in which the benefits are weighted and shared. Importantly, this technology enables the inclusion of more actors in the partnership exchange. It, therefore, makes it possible to coproduce and share value. It appears to be suitable for implementing the abovementioned concept of targeted diffusion proposed by Bartłomiej Biga. By its virtue, partners can exchange and develop their intangible assets safely, sharing their profits fairly.

This technology may provide a market counterweight to the gargantuan service platforms, whose rapid growth poses the threat of global monopolies (distribution monopolies) limiting market competition and innovative dynamism. Blockchain would not only constitute an opportunity to oppose them, but would also allow for a multidimensional scaling of activities. The point is to prevent the scale of production or distribution activities from being the dominant source of market power, so that profitability is not a derivative of the scale of the company's operations and its capitalization. And this is the direction in which the global market processes are currently moving [Schwab 2016, p. 13]. It can be assumed that DLT will also create a good foundation for information and knowledge management in the company, strengthening cooperation and cohesion. Perhaps this technology will contribute to overcoming the neuroticism of opportunistic organizations, wherein creativity is mentally enforced and focused on achieving shortterm results.

Modern digital technologies, including virtual platforms, are employed by both opportunistic and relational companies, but of course in each case they are used to maintain a different business model. In both cases, the use of these technologies involves putting emphasis on intangible assets and their management. The difference lies in the type of relations that are shaped as

a consequence of using these technologies and in the way this is accomplished. This perspective makes it easier to recognize the fundamental difference between the approaches adopted by opportunistic and relational companies. Both operate in an environment of increasing risk and uncertainty associated with the rapid development of the digital economy and new technologies. Opportunistic companies respond by maximizing their adaptability and flexibility. Their managers assume that, if the environment cannot be shaped, they must opportunistically adapt to it in order to survive. In turn, managers of relational companies see their chance not so much in the ability to predict what will happen, but in shaping their diverse and immediate environment in such a way as to supplement and expand their knowledge with the knowledge of their partners while at the same time cocreating a wider pool of adaptive options. This is a strategy that not only ensures security, but also promotes development.

There is dialogue concerning the future in opportunistic companies, but it is an analytical dialogue, a dialogue between likeminded participants, which pertains to the assessment of the probability of various scenarios. Relational companies engage in this dialogue with their partners, who have different cognitive perspectives and different resources. As a result, it is a strategic dialogue that defines paths for self-development in the context of joint development. Opportunistic companies base their knowledge chiefly on market data, but this data reflects what is happening now – therefore, they are reactive by nature. Relational companies generate knowledge through discourse with their partners, which pertains to the way they will operate and interact, their motivations, and their goals. As a result, they can act prospectively. Rather than “follow” the market, they can try to shape it to some extent.

Innovations and the axionormative order

Innovations, no matter how technically advanced, are by nature social in the sense that they arise in a particular social environment and consequently lead to changes in that environment. They are always something broader and deeper than individual creative invention.

The social environment in which innovations are born and developed is initially local, microsocal. However, innovations are subject to diffusion – they spread. As a result, they often have macrosocial consequences. Also with regard to those social groups and environments that were not involved in a given innovation or may have even opposed it.

The forces driving innovation are mainly (but not exclusively) business forces. They are related to entrepreneurship, defined in one way or another, but their consequences affect the society as a whole and not only the economy.

The spread of an innovation modifies social needs and relations. Its effects are not only functional and operational but also axionormative. This is the way it was with every subsequent industrial revolution. And we must take this into account when we consider the issue of artificial intelligence or, more broadly, the fourth industrial revolution.

Technological changes lead to profound social changes (digital society). And it is not that technology alone “decides” what these effects will be – whether it will entail social development or regression, revival or destruction. The more advanced and groundbreaking a technology is, the more far reaching and unpredictable its consequences are, and the more its development and implementation should be accompanied by social reflection as an expression of the assumed responsibility. If such reflection is lacking, and no resulting preventive and precautionary measures are taken, technological change can have irreversible and catastrophic consequences, as evidenced by the collapse of ancient civilizations in which culture failed to tame technology. We, too, wonder whether the technological changes that we have induced will not destroy our species as a result of climate change, and at the same time we remain unable to prevent this effectively.

From a microeconomic perspective, the social sequelae of the business pursuit of innovation are well described by the Schumpeterian concept of “creative destruction”. Joseph Schumpeter [1911] warned that this mechanism of driving competition and productivity can have negative consequences in the form of “social disorders”, such as social exclusion and anomy.

Innovation always results from learning. The question is who learns and what. Do we only learn what is functional and operational, or do we also learn what is axionormative? Is our attention focused solely on the new solution’s operational usefulness and effectiveness, or do we engage in broader social and ethical reflection on its development and implementation? Is it only important that we “can” or must we also consider whether we “should”? To opt for the former answers to these questions means to opt for market opportunism and, consequently, ownership understood only as a right and not as a commitment or duty. And thus responsibility evaporates. Even if it does appear, it is usually too late. Today, on a global scale, we keep behaving like the sorcerer’s apprentice.

The concept of scaling up innovation has been gaining traction. The goal is no longer mass production, as it was in the first half of the 20th century, but rather mass digital technology based on vast datasets (big data). Before our very eyes, huge virtual service platforms are springing up like mushrooms after a rain shower. The speed of their growth and capitalization exceeds all predictions and imaginations. They quickly gain dominant

positions on the market and leave no room for competition. These are not production monopolies, but monopsonies, i.e., distribution monopolies. And opposing them is much more challenging. Their dominance comes not from new products, but from the new digital mechanism that accelerates turnover and consumption. Moreover, they strive to include all the new and fashionable products in their offer by subjugating their manufacturers. In effect, rather than drive innovation, they inhibit it. The Schumpeterian creative destruction is becoming more and more destructive and less and less creative. As consumption continues to grow, society fades away. We are becoming a collection of service recipients.

To prevent this phenomenon, it is essential to understand the changes in the nature of ownership, learning, and the associated social relationships in the digital age. Material property differs from intellectual property. The appropriation of the former is much more difficult than the latter. Nowadays, we are dealing with mass and generally unpaid appropriation of other people's intellectual creations.

In the case of the largest corporations, intangible assets make up 90% of their market value. Eventually these companies will no longer have to concern themselves with material infrastructure. Payment platforms, poised to become the new generation of banks, virtual banks, can serve as an example. If they do require any infrastructure, it will be cheaper to rent it than to own it. What will matter to them will be the subsequent generations of applications enabling them to access information and transform it into intangible assets.

Traditional systems for protecting intellectual property are becoming inadequate, if not completely useless. At best, they allow most players to minimize their losses caused by the activity of patent trolls. The operations of the latter are a clear example of intellectual parasitism, but such parasitism is practiced by increasing numbers of market participants, though in a less overt fashion. New and comprehensive regulation of intellectual property rights would be helpful, and it would need to be global. Unfortunately, it is unlikely that the major powers (USA and China) would agree to this. The counterweight must be formed at the other end, in the microeconomic environment, by operating on a relational rather than transactional basis. The idea would be to form clusters of entities, initially local, that would be interested in partnership, cooperation, and joint production of values. However, these would not be traditional industrial clusters bringing together single-profile, single-industry manufacturers, but partnership networks linking entities with different functions, competencies, and resources – small archipelagos of well-connected islands. Their partnership would consist in the joint production and active management of resources and intangible assets,

so that the development of individual partner entities would reinforce rather than weaken the partnership network. It would be a “sharing economy”, but with regard to production, not consumption.

Public authorities should, in accordance with the principle of subsidiarity, promote the formation of such production networks with legal, material, financial, educational, and promotional support. Of course, assuming that some of the assets generated by these partner networks would end up in the public domain so that their availability can stimulate the process of collective learning and knowledge sharing.

Thus, innovations developed and implemented in partnership networks would be scaled up, but in such a way as to prevent any actors from appropriating them and thus acquiring a dominant position on the market. Apart from a specific market advantage, each innovation would also generate its social environment – it would literally be a social innovation, because it would generate desirable social relations.

In such a scenario, public authorities would assume the role of facilitators and mediators, not just regulators. Their role would include the stimulation of collective reflection resulting from the clashing and overlapping of various cognitive perspectives. In part, this reflection would regard the axionormative order and, as such, it would also produce this order. The process thus stimulated would be simultaneously a processrelated innovation aimed to facilitate developmental, spiral circularity.

Conclusion.

Towards productivity and developmental circularity

A company needs its own idea not only to use its resources more efficiently but, above all, to be able to identify new opportunities for their acquisition and production. And this requires it to transcend the previously used patterns and adopt a different cognitive perspective. This provides the company with developmental subjectivity but requires it to enter into relationships with other entities (islands) that go beyond the transactional framework to engage in partnership, cooperation, and circular economic activity – creating a network of relationships (archipelago).

In order to reinforce the economic power and market position of a given local archipelago, it is sensible to form connections and associations with other archipelagos, including those operating on a larger spatial scale. In practice, it may also be the case that larger archipelagos contribute to the formation of smaller archipelagos. Thus individual islands may belong to various partnership networks.

An archipelago is not a new organization, but a new network of relationships between existing independent organizations. An archipelago is a space-time replete with cooperation, partnership, and a common imaginary.

A key issue for the future of the world is the extent to which the technological achievements of the fourth industrial revolution, such as advanced robots or new materials, will be appropriated by companies operating in the linear model or incorporated into the circular model of economic activity [Schwab 2016, pp. 17–18].

It can be assumed that the point of economic activity is to obtain a surplus. However, this goal can be achieved in different ways. How we go about this determines the essence of the enterprise and is the core of entrepreneurship. In classical economics, in which the thought of Joseph Schumpeter is embedded, an entrepreneur is someone who combines resources (production factors) in a creative and productive way, thus introducing innovative solutions to the production sphere. Entrepreneurship understood in this way is a source of innovation and competitiveness of the market economy. In the case of neoliberal economics, entrepreneurs are market participants who make effective use of opportunities, thus achieving higher efficiency than their competitors: they do not drive innovation or competitiveness, but take advantage of them.

For our economy to be characterized by developmental circularity, we must change our instruments and revise many existing and well-established concepts and patterns of thought. Our life is essentially circular in nature. This is because we are part of the natural world; we are biological. However, as a society we ignore this and act linearly. We need deep reflection and discussion but also safe experimentation in order to switch to the principles of circular economic activity. This requires changes not only in the economy and consumption, but also in education and culture.

This thesis signals the proper way of shaping the long-term international competitiveness of national economies or economies of international integration systems such as the EU. Each time it is about creating an economic model that is conducive to raising the productivity of production processes in a given economy. This determines the mode of competitiveness specific for the given economic system. From this perspective, it is easy to see that the efficiency of a given economy depends to a decisive extent on the efficiency of its market(s). In turn, productivity and its improvement depend also, and to a decisive extent, on institutions other than the market, particularly ones that are based on cooperation and partnership instead of rivalry – they are much more relational than transactional.

CHAPTER X

CITIES-IDEAS – A NEW APPROACH TO URBAN DEVELOPMENT

Introduction. Cities – a problem and a developmental opportunity

As underscored by Charles Montgomery [2013], it is the cities that are both the largest culprits and the most affected victims of negative environmental effects, including the greenhouse effect. It is hardly surprising, since 70–80% of the population in the OECD countries already live in urban agglomerations, and by the end of the 21st century 85% of the world's population is expected to live in cities [Metropolitan 2015, p. 30]. The cities and the processes taking place therein are simply a symptom of modern civilization. So if we are unanimously recognizing that this civilization has found itself in a multifaceted crisis, then its source must be sought in cities. And this is also where we should look for solutions to the uncertain future of the world. Today, cities are the laboratories of the future, where new forms of social life and new ways of producing common goods are being discovered and invented. Cities are the heart of economic, innovative, and culturemaking activity. It is here that new ideas are born. It is the cities that need to develop forms of governance and management appropriate for the increasingly complex developmental challenges.

The search for new economic ideas and solutions will be easier if we consider the contemporary big cities from a different perspective than the one that is commonly accepted. Instead of thinking about an ideal city, we should

think about how to direct the development of specific cities, which, for this purpose, need to formulate their idea.

Cities are the topic of numerous studies and much research. New concepts for their functioning and development are being formulated constantly. As Ash Amin and Nigel Thrift pointed out [2002, p. 3], these concepts are distinguished particularly by their strong emphasis on the openness of urban space and the importance of the various types of flows that shape this space – flows of people, commodities, financial capital, information. This leads to the conviction that cities must strive to intensify these flows and must be competitive in this respect. However, cities should also be considered from a different perspective – from the perspective of utilizing and multiplying their own potential and resources, as this is what determines their subjectivity and developmental capacity.

The idea of a town

Every city is different. This corresponds well with the remarks by Joseph Rykwert [1988], who reminds us in the preface to his book that “the city is not just a rational solution to the problems of production, marketing, circulation, and hygiene – or an automatic 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, as already understood by ancient civilizations, is at the same time a materially developed physical space (Roman *urbs*) and a social space – *civitas*, that is, a community connected by the spiritual and legal bonds between the citizens of a given area (the latter understanding being closer to the Greek *polis*) [Izdebski 2013, p. 22–23].

However, Rykwert points out that contemporary urban planners are pushing aside the dimension of *civitas*: “The conceptual framework within which planners work has been designed to evade the issue of imposing any order of an extra-economic nature on the city” [Rykwert 1988, p. 24]. And further on: “The way in which space is occupied is much studied, but exclusively in physical terms of occupation and amenity. The psychological space, the cultural, the juridical, the religious, are not treated as aspects of the ecological space with whose economy the urbanist is concerned” [p. 25].

Failure to take note of the *civitas* aspect makes for a temporally limited approach to the city space, which becomes locked in the present. Even if its historical lineage is considered, it is mostly perceived as material heritage that creates certain opportunities and limitations; it is something that has to be dealt with materially in the here and now. The past is what is given, and its relevance lies in being now subject to influence. It is locked, or in

a way “spellbound”, in the things that we are currently subjecting to certain engineering measures. This is what Montgomery writes on this subject: “The cognitive error that may have had more influence than any other on the shape of our cities is known as presentism: we let what we see and feel today bias our views of the past and future. This commonly expresses itself as a tendency to assume that the ways we think and act will not change as time passes” [Montgomery 2013, p. 98–99].

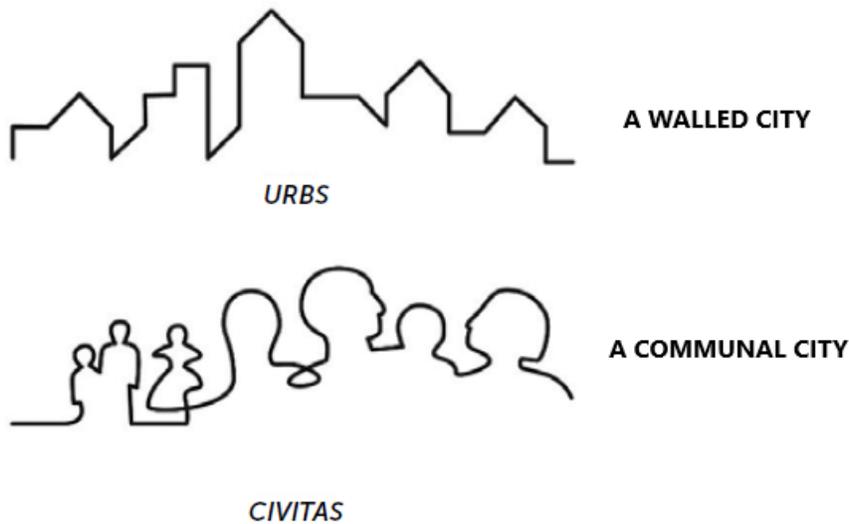


Figure 26. Urbs and civitas.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

And so, the present obscures the future. City planners focus their attention on solving the immediately physical and most urgent problems. Even if the municipal authorities do consider the future, they interpret development as an issue of scale and size, in quantitative terms and not as a qualitative social change. The scope of imagination in urban planning becomes restricted to statistical inference and engineering extrapolation. When planners fail to appreciate all the dimensions of the urban space, understood simultaneously as *urbs* and *civitas*, then urban design loses its idea. The city must be “symbolic” first and “engineered” second. Lacking a cultural perspective undermines the city’s developmental subjectivity. It objectifies itself and becomes similar to all other cities with similar material parameters. A city needs an idea, just like a sailor needs a compass – it is a peculiar artefact composed of deliberate and random elements that elude complete control. Its development is contingent, which means that it is

neither determined nor accidental. It occurs under certain conditions, but results from choices made by many different actors. The problem lies in what governs their decision making. Are they guided by some overarching idea of their city and what does this idea refer to? Or are they just acting in the here and now?

So what is the idea of a city? It is its specific process of value creation. To capture it, one must appreciate that the city is a space that is not just physical (materially developed, civilizational, objective), but also social (interactive, cultural, subjective). Urban design must take this into account, encouraging the establishment of various social ties and relationships, both individual and communal. As underscored by Montgomery “as a social project, the city challenges us not just to live together but to thrive together, by understanding that our fate is a shared one” [Montgomery 2013, p. 42].

This is why some urban planners stress so strongly the importance of pedestrian traffic and the frequent meeting of different groups of residents, recommending, for example, that every resident should be able to reach a city park on foot within ten minutes. Only then does the city become a great generator of various values – existential and instrumental [Gehl 2010].

Urban planners I value follow regionalists in the use of the notion of territorial capital or location attractiveness, thus defining the link between the physical and social space specific for a given territory (territorial organization). This association enables the value creation process to be launched and maintained. Another notion used to capture this link is “territorial cohesion”. It includes both the material and social dimension of the territory, but in interdependence. Cohesion understood in this manner allows the general utility of a given territory’s resources to increase [Zaucha et al. 2015, p. 9, 15].

These notions are indispensable for understanding that the city’s transport network cannot be simply subordinated to ease of movement, i.e., transport, but to the city’s development as a coherent territorial space. In Detroit, the city authorities kept responding to every problem by building new roads, but people continued to move out. Any one-sided functionality aimed at improving operational performance (efficiency) in a segmental fashion impedes development over time. This is one of the arguments for limiting the intensity of car traffic in city centers. Centers of industrial cities have been refocused on the needs of individual car transport. Excessive car traffic in these areas displaces many activities that are important for urban development and, above all, reduces contacts between residents.

Current revitalization projects carried out in the centers of large cities are also a reaction to the commercialization and privatization of these spaces, which has been progressing in recent decades. This process resembles the process of land enclosure in the early days of transition from feudalism to

capitalist economy. The expansive policies of companies constructing apartment buildings and shopping malls in city centers properly ruthlessly destroy the urban space and social ties. We are dealing with the phenomena of “space shredding” and “landscape appropriation”.

In Kraków, the view of the historic Wawel Castle from Dietl Street used to be a common good; now it is only available from expensive apartments “overlooking the Wawel Castle”. Similar examples can be found everywhere. The construction of luxurious housing estates is an expression of the contemporary drive to isolate urban societies from “strangers”. For their residents, the fenced and monitored housing estates are a symbol of professional success and social status, as well as an expression of their need to separate themselves from the less prosperous parts of society. The result is the erection of a social wall that strengthens social divisions even within the middle class. It also leads to a sharp decline in public – communal – space. And as Montgomery claims [2013], the existence of public space determines the residents’ quality of life to a greater extent than individual consumption. He also adds: “Social isolation just may be the greatest environmental hazard of city living, worse than noise, pollution, or even crowding” [p. 54]. Improving the quality of public spaces immediately increases their use and thus contributes to the creation of a larger pool of values and the city’s development.

The concept of a City-Idea is not another universal urban idea that defines a model of an “ideal city”. Far from it. Its aim is to emphasize that each city, in order to develop, must define its idea, by which I mean its specific process of using its developmental potential and generating value. Therefore, it is not a model of city development, but a normative and empirically grounded approach to its development – a concept, not a formula.

The existence of a city as a community has its foundation in existential values, while instrumental values are the driving force behind its operation. These values must be reinforced because that is the basis of development. This approach makes it clear that the generating process requires cultural capital. On the one hand, its purpose cannot be solely to directly generate economic value (although economic value cannot be generated without it), and on the other – cultural capital cannot be maintained and multiplied without generating economic value. In a City-Idea, existential values and structural efficiency (productivity) come first.

A City-Idea draws its developmental energy from its ability to generate value in the sense described above, not limited to the instrumental sphere. This ability is not assigned to the activity of any single social actor, including municipal public authorities.

Urban economic circulation

Municipal authorities obviously have an important role to play. However, it is not a matter of the authorities themselves doing something, but of their actions (interventions) to stimulate other, autonomous actors to act in an appropriately directed fashion. To once again quote Rykwert [1988] and his position regarding 20th century urban planning: “The image of the city responding by some instinct unreflectively to external and internal pressures was much favored by urban theorists. If the city was a ‘natural’ product, it followed that the discovery and observance of the ‘laws’ of technical growth, of market forces in land value, or of traffic flow, absolved planners and architects from the responsibility of intention, and therefore of value judgement – and of artifice; they were not to worry about the ‘rules’ of any art”.

Essentially, intervention by municipal public authorities indirectly stimulates the city’s development. Such intervention must be segmental, not total, but focused in such a way as to produce broader spatial and process-related effects while acting concretely and with accuracy on specific issues and factors. In order to achieve this, the interventions undertaken by municipal public authorities must reflect lateral rather than linear thinking and approach, addressing in particular the inflow of certain resources from outside the city. It is important that this inflow replenishes, strengthens, and activates the city’s own resources instead of replacing and supplanting them. Otherwise, the city’s development becomes dependent on the inflow of external resources, which is bound to eventually run out, leading to stagnation. A city cannot develop without such an inflow, but it is essential that it remains selective and conditional so that it bolsters the city’s ability to use and multiply its own (internal) resources. The city’s development will then be interdependent with that of other territories.

But what does it mean to “use the urban potential for development efficiently”? It is particularly important to appreciate the difference between resources and the flows that these resources generate. Each activity requires a certain stock of resources, which are exploited in the production of certain goods. Efficient activity consists primarily in ensuring that the value of the goods produced is higher than the value of the resources used to produce them, so that the activity results in a surplus enabling its continuance. However, the resources used in the production of goods are – in most cases – consumed. Therefore, the flows generated by the exploitation of resources must not only generate a surplus, but must also allow for resource replenishment in terms of scale (objective aspect) and character (subjective aspect) so that the required stock of resources remains constantly available. Looking at it this

way, we should distinguish between operational efficiency (cost-effectiveness), i.e., the ability to generate a surplus, and structural efficiency (productivity), i.e., the ability to permanently transform resources into flows.

The complexity of the issue stems primarily from the fact that every human activity involves some resources which do not belong to, nor are directly produced, by the subject in question. In any case, we employ resources from the environment when conducting any activity. At present we are experiencing the dramatic consequences of structurally inefficient use of these resources. Therefore, the need for a circular economy, i.e., one that exploits environmental resources in a way that they can be reproduced by the environment and does not lead to any extreme environmental imbalance threatening human existence, is becoming increasingly apparent. This reasoning has already become common in industries that are mainly based on the use of natural resources, e.g., in agriculture, fishing, or forestry. This does not mean that there is no longer any overexploitation in these sectors, but its manifestations and effects are well recognized and predictable. At the same time, schemes of conduct are being developed to curb overly exploitative economic activity. They are imposed and promoted by states, but also arise from consumer pressure and business reflection. Notwithstanding, thinking about circular economic activity should not be limited to natural resources, but to all other kinds of resources as well, including those produced by humans. This is important because the renewal of the latter does not occur automatically, but requires organized effort.

Considering the functioning of a city from this perspective, we can see that the scale of the flows (current income) generated by the available resources is not the only significant factor. It is of fundamental importance that these flows are directed in such a way that they contribute to the activation and proliferation of resources, in particular those that concretely activate specific flows. And if certain resources cannot be multiplied beyond certain limits (e.g., overtourism), then it is crucial that the flows are directed towards the emergence of such resources that will enable supplementary (complementary) and/or alternative (substitutive) types of activities.

In the example of tourist traffic, one goal would, therefore, be to avoid passive acceptance of dominant types of tourism and its tendency to concentrate only in specific points (sites). At the same time, the city's tourist appeal must be used to develop other forms of professional and creative resident activities, especially ones that do not stimulate an additional influx of tourists.

The following words by Ada Colau, the Mayor of Barcelona, carry a stark warning: "Any city that sacrifices itself at 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.” And further on: “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 local culture” [Colau 2014]. The conclusion is obvious: a city that begins to live mainly off tourism turns into a city of rapidly rising costs of housing and living. Ultimately, it becomes a place that can be admired and used, but one that is unlivable for its inhabitants. Diminishing the city’s potential through overexploitation of endogenous resources exerts a negative impact on the quality of life, spatial cohesion, and appeal for the key participants in the building of the city’s prosperity.

Unfortunately, most Polish cities base their development on the actions of investors instead of focusing primarily on the relationship between meeting the needs of the residents and promoting their own – individual and collective – activity aimed at shaping the conditions for meeting those needs. If investors take precedence in a city, then it stops being a community of residents. Investors can devastate the city in a way similar to that described above in the context of tourism. Therefore, attracting investments is necessary, but with the aim of mobilizing the residents’ own potential, rather than displacing or marginalizing it. The city becomes a community not because its inhabitants are allowed to speak out, but because its development is based on their economic and creative potential.

Kraków has become an attractive center of business services for international corporations, and, of course, the creation of over 70,000 additional jobs for young people, especially students and graduates of Kraków’s universities is a cause for celebration, as is the fact that this generates a considerable stream of income and consumer demand. At the same time, however, it is important to consider the kinds of work that these young people do, the skills they are learning, and their prospects for development. It is, therefore, important to assess whether multinational corporations, by conducting their profitable business in the city, are exploiting the available resources on an ad hoc basis or whether they are concurrently contributing to the multiplication of the said resources, including a tangible improvement in the quality of human capital. Without meeting the latter condition, the influx of such foreign investment can hardly be considered to facilitate the development of the city and increase its developmental potential.

The remarks above lead to the conclusion that an influx of external resources into a city cannot automatically be equated with success, as it can, and often does, lead to the unilateral exploitation and drainage of the city’s resources and actually lessen its developmental potential. The measures of the city’s development should refer to the use and multiplication of its internal resources, i.e., the ability to maintain and increase its own developmental

potential. And this ability stems from the city's internal value creation processes based on the activity and creative potential of its inhabitants. To put it simply, the city's wealth comes from such use of the city's resources that leads to their systematic proliferation. Therefore, it is primarily the outcome of structural efficiency, not just operational efficiency.

This point of view is clearly different from the one favored by advocates of building the competitiveness of cities through the inflow of external resources – in particular through attracting global companies representing the top tiers of business strategies and generating demand for specialized services [Geodecki 2016]. Experts adhering to this view believe that partnerships between municipal authorities and businesses is the key to urban development. They propose that city leaders should: 1) analyze with business leaders the needs and obstacles that the latter encounter in their activities; 2) carry out infrastructure investments in cooperation with companies and business representatives; 3) develop, in partnership with companies, initiatives for skills development and investment in educational institutions – so that the competences developed in this way meet the needs of companies; 4) support industries that have a high economic potential through joint public-private initiatives rather than unilateral public interventions [Competitive 2015].

Therefore, municipal policy should shift from a managerialism (public governance) to entrepreneurialism [Competitive 2007]. This thesis is reinforced by the argument that globalization has caused cities to form networks. As pointed out by Manuel Castells [1989], cities are not only “spaces of places”, but as global interaction progresses, they are also increasingly becoming “spaces of flows”. Networking has resulted in intensified interurban competition, which promotes managerial behavior and forces cities to function like businesses.

The relationship between the inflow of external resources and the use of internal resources is well illustrated by the creative industries sector. While it is impossible for their activity to grow without an international and, presently, global market, participation in these markets alone is not enough for them to become an important branch of the city's economy in the long term. Creative industries operate by commercializing cultural resources. In this way they generate income flow for their various participants. However, this does not automatically lead to the reproduction and multiplication of the said resources. This may or may not happen, depending on the extent to which the income flows generated in this sector are incorporated back into the production of cultural resources, which then serve to generate these flows. If this does not happen, creative industries can quickly turn out to be castle built on sand. The market alone will not create such a circular flow. On the contrary, it is more likely to ruin it.

If the city's development is to concentrate on creative industries, the municipal authorities must certainly consider how to create an appropriate developmental circuit, how to prevent overexploitation by effectively setting the rules and boundaries for the commercialization of the city's heritage and cultural resources. When focusing on creative industries, the authorities must, among other things, give thought to stimulating the cultural and artistic education of young people. And the funds for this should be acquired skillfully and on an appropriate scale from those deriving their business profits from the exploitation of these particular resources.

Focusing on flows is a manifestation of one-sided thinking: factorial, often monofactorial, and omitting the importance of complex development mechanisms. Such thinking often stems from the interests of a single group of big-city residents, the metropolitan class, who benefit greatly from the intensification of flows, but this often comes at the expense of the city's development and thus plays a destructive role. For example, the negative impact of mortgage loans as a lever for urban commercialization is becoming increasingly more apparent. They became so widespread because they were profitable for international banks and brought high bonuses to their managers and employees. But actions of this type lead to the polarization of economic potential and to social stratification according to the principle described in the cumulative causality theory: "the rich will get richer and the poor will get poorer". And all of this will be garnished with seemingly improving quantitative indicators of socio-economic potential.

New urban ideologies and the City-Idea

Jan Gehl has called for an organic rather than a constructivist approach to urban development and, in this spirit, he thus writes about medieval cities: "It is important to note that these cities did not develop based on plans, but rather evolved through a process that often took many hundreds of years, because this slow process permitted continual adjustment and adaptation of the physical environment to the city functions. The city was not a goal in itself, but a tool formed by use" [Gehl 2011, p. 41]. At the same time, Gehl notes the fundamental change that occurred in the Renaissance: "The city was no longer merely a tool, but became to a greater degree a work of art, conceived, perceived, and executed as a whole. No longer were the areas between buildings and the functions to be contained in them the major points of interest, but rather the spatial effects, the buildings, and the artists who had shaped them took precedence" [p. 41].

Palmanova, built from the ground up north of Venice by Vincenzo Scamozzi in 1593, became a model of the Renaissance ideal city. Today it is a textbook example of a city deprived of adaptability and developmental capacity [Gehl 2011, p. 43]. The purpose of this example is not to deny the importance of aesthetics and beauty in shaping urban space, as these are essential components of the residents' quality of life. The point is, however, that the beauty of a city should emerge from the communal experience of its inhabitants and should be an existential value that they generate organically. It cannot be merely an aesthetic shell created by the architect-artist, which is later to be filled with communal content. It cannot be generated in this way, and even if it can then only for a fleeting moment. Unfortunately, many great architects failed to grasp this. Among them was Le Corbusier, who sighed with delight at the sight of Zlín (built by the Czech shoe manufacturer Tomáš Baťa) and admired its "self-duplicating" quality. As a result, Zlín would "become famous as the world's first functionalist town" [Szczygieł 2006, p. 27].

In his classic historical work, Rykwert [1988] directed his critique against the advocates of modernism in urban planning and architecture. Charles Montgomery wrote about them thus: "Inspired by almost supernatural advances in technology and the mass-production techniques employed by such industry pioneers as automaker Henry Ford, they imagined that cities could be 'fixed' by rebuilding them in the image of highly efficient assembly lines," and goes on to quote Le Corbusier: "We claim, in the name of the steamship, the airplane, and the automobile the right to health, logic, daring, harmony, perfection" [Montgomery 2013, p. 65].

A textbook example of the failure of urban modernism is provided by Brasilia. Montgomery describes it, juxtaposing its premise ("On paper it was a triumph of straightforward and egalitarian central planning") against the experience of its residents who "even invented a new word – *brasilite*, or *Brasiliaitis* – to describe the malaise of living 'without the pleasures – the distractions, conversations, flirtations, and little rituals – of outdoor life in other Brazilian cities" [Montgomery 2013, p. 92]. I am quoting this example in order to illustrate that the problem lies not only in the fact that the modernist ideology turned out to be a fallacy, but also in that, over time, this will be the fate of any such ideology inflicted on a city.

The search for the formula for an "ideal city" continues ceaselessly. Recent years have seen the emergence of quite a few such formulas. Table 4 shows a list of those, prepared by the authors of an interesting report on future cities [Moir, Moonen, Clark 2014].

Table 4. Future cities – conceptions of success

Environmental	Social	Economic	Governance
Garden cities	Participative cities	Entrepreneurial cities	Managed cities
Sustainable cities	Walkable cities	Competitive cities	Intelligent cities
Eco cities	Integrated cities	Productive cities	Productive cities
Green cities	Inclusive cities	Innovative cities	Efficient cities
Compact cities	Just cities	Business friendly cities	Well-run, well-led cities
Smart cities	Open cities	Global cities	Smart cities
Resilient cities	Liveable cities	Resilient cities	Future cities

Source: Moir, Moonen, Clark 2014, p. 12.

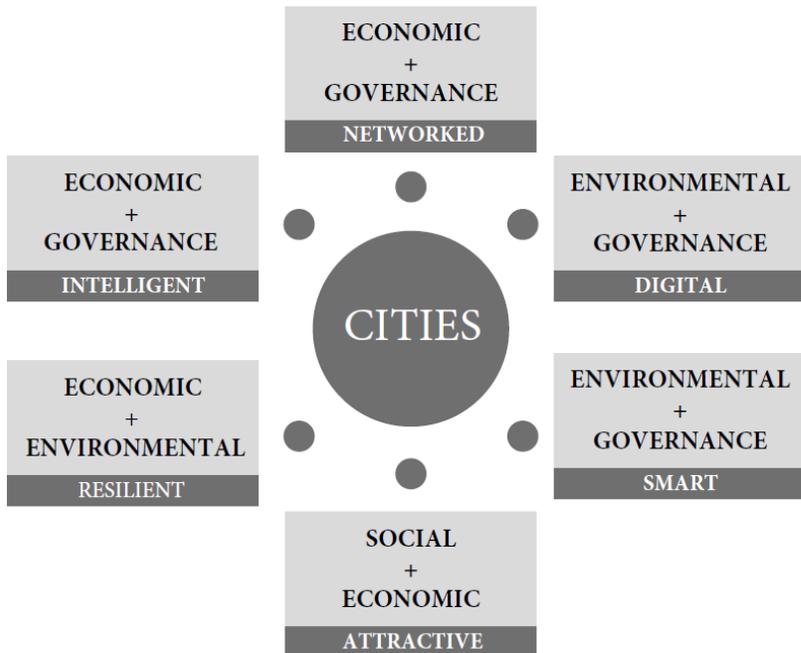


Figure 27. Future cities – hybrid conceptions of success.

Source: Moir, Moonen, Clark 2014, p. 13.

Importantly, even this comprehensive overview does not encompass all ideas. E.g., it does not include creative cities. The report's authors also emphasize that some of these ideas overlap in terms of content, depending on the definitions of the basic terms, such as smart, sustainable, or resilient. In consequence, some popular approaches are becoming hybrid, as shown in Figure 27.

The abundance of ideas for an ideal city comes not only from the importance of the issues of urban functioning and development, but also from the fact that “the art of urban design and architecture requires justification, ideas, theories, and ideologies that make the achievements of the artists comprehensible to their users and provide the artists with a means of self-validation” [Loegler 2011, p. 31]. Romuald Loegler crunched the idea, theory, and ideology into a single line. This does not seem warranted as these are, after all, different categories. Especially the idea and the ideology should be distinguished.

Zbigniew Paszkowski [2011, p. 26] believes that “ideology, understood in terms of urban planning, is a set of socio-societal solutions allowing for the creation of a system that enables people to live side by side within a limited territory”. Without delving into semantic considerations, we can consider “ideology” in the context at hand to be a universal normative concept of urban development. “Ideology” finds its expression in the formula of an “ideal city”. Paszkowski puts it plainly: an ideal city is a city designed according to a coherent urban theory, according to a uniform design that reflects a specific philosophy of shaping urban space.

This is in line with the view of Hubert Izdebski, who states that “an ideal city, like any ideal, is an abstract image, a vision, or possibly a more concrete program, but not a label that can be attributed to an actually existing city” [Izdebski 2013, p. 29]. At the same time, he adds that an ideal city has been at times treated either as an ideal of design or a ready-made proposal for implementation [p. 37]. Thinking in terms of an ideal city was gradually taken over from philosophers by designers-intellectuals, who formulated universal canons of urban design; researchers-experts followed suit, trying to prove that there indeed exists a golden formula for city development. An example of the latter source of urban ideology is the *SMART city* formula (Simple, Measurable, Achievable, Relevant, Timetable), which has become a cliché example of a neoliberal approach to urban planning.

The danger does not lie in the fact that subsequent new concepts for urban development are being proposed: they can play a positive role, provided that they stimulate reflection and discourse. But such a proposition may indeed become dangerous if it acquires the status of an urban ideology and starts

being presented as a universal formula for success. This threat is independent of the ideology's content. When applied wholesale, it leads to failure, as evidenced by cities infected with the ideology of competitiveness and urban managerialism. A city should not be merely a product and should not be for sale. Filip Springer [2015, p. 6], the author of the introduction to the Polish edition of Montgomery's book quoted above, stated emphatically: "Across Poland, there is a dominant tendency to think about urban space as a raw material that needs to be exploited and not as a resource that needs to be protected." This is because Polish cities, operating in a neoliberal model, have been tuned to become generators of income instead of generators of value and development. Their operation was subordinated to operational efficiency at the expense of structural efficiency.

This is why the concept of the City-Idea must be contrasted against universal urban ideologies. It is necessary to consider what the development of a particular city depends on – what idea it stems from. For, as Rykwert rightly points out, no universal urban ideology can override the fact that cities differ, even if they belong to a common cultural and economic sphere [1988]. I believe that universal urban ideologies, including the ones that are currently most popular and most widely discussed, are important from a cognitive perspective. They enable us to appreciate the importance of various developmental factors and mechanisms and are, therefore, worth studying and knowing. However, I find it doubtful that they can be copied or integrated into the development of a particular city. First, it is necessary to define the idea of a given city and agree on a specific formula of its evolution – a formula that refers to its developmental potential and its specific processes of producing various, not only economic, values. Without this, the implementation of any urban ideology, any "ideal city" formula, will lead to nothing but a dead end.

Rykwert writes about this in the conclusion of his fundamental work: "It is difficult to imagine a situation when the formal order of the universe could 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” [Rykwert 1988, p. 202].

“To look inside ourselves” is a postulate to define the idea of a given city by referring to the potential and needs of its inhabitants – to a “concrete man” and not an “abstract man” [Izdebski 2013, p. 178]. Therefore, the idea of a concrete city is also a narrative about the fate of its current inhabitants. If we wish them to become involved in the development of their city, then this narrative must appeal to their imagination – it must become a part of the concrete urban imaginary which links the past with the future through the present. It cannot, therefore, be just a marketing trick aimed to attract investors or tourists. It must be translatable to the city-specific dictionary of development (city vocabulary), intelligible to the city’s residents.

The urban imaginary defines its social space-time – it is certainly much broader and less cohesive than the developmental idea of the city. But this idea must be embedded in this imaginary. Otherwise it hangs in a vacuum, does not appeal, and does not stimulate social energy.

Culture as a mechanism of urban development

Many authors stress the fundamental importance of culture for urban development. According to the authors of an EU report from 2011 [European Commission 2011], future cities are to be platforms for democracy, cultural dialogue, and diversity. Anna Karwińska believes that “urban multiculturalism is increasingly becoming an everyday experience and an everyday problem for authorities, residents, and institutions of various kinds” [Karwińska 2016, p. 200]. The Leipzig Charter on Sustainable European Cities adopted in 2007 states that cities are valuable and irreplaceable economic, social, and cultural goods. Yet these otherwise valid statements do not present the mechanisms through which culture exerts its influence on urban development. I consider this necessary in order to avoid the danger – often occurring in practice – of recognizing the importance of culture solely in the context of creative industries and the city’s appeal.

The example of the Colombian city of Medellín illustrates this well. At the beginning of the 21st century, this “fallen” city came back to life, and culture and education proved to be the key. In order to capture this phenomenon, it is necessary to understand its complexity, expressed in the sequence of activities and events that make up the developmental spiral – a self-sustainable 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. Participatory budget – involvement,
8. Integrated urban projects – renovation [Hausner, Maźnica, Strycharz 2016, p. 4].

This list features many elements of varying nature. A closer look reveals that they relate to the fundamental dimensions of the city's operation, covering the main city-forming mechanisms, including spatial planning and development. The pieces of this puzzle combine the "hard" elements of the urban organism (infrastructure) with the "soft" (culture). Within the urban space, these elements are interlinked by multilateral relationships. Therefore, their activation is not selective or linear, it is not a simple relationship of cause and effect. Concrete actions are programed in such a way that, when applied at a certain point, they radiate to other points.

When the process of social change is at stake, the development should be set in motion in such a way that it becomes self-sustainable; thinking about it must be lateral. This means that interventions must be applied simultaneously at several points in order to create the effect of a developmental spiral. The action of such a spiral leads to development if, thanks to its activation, the city's resources are multiplied and the field of possibilities for the operation of different actors expands.

Culture plays an important role in this process. Initiating the creation of a developmental spiral with interventions in the field of culture activates the social imagination, i.e., a common consideration of a vision for a good city and the necessary and possible changes and innovative actions that can turn this vision into a reality. Of course, these actions do not only concern the field of culture, but, if they are maintained in this area, they will systematically provide a stream of creative energy. The essence of the change is not to significantly increase expenditure, but to direct it in such a way as to create new developmental mechanisms and to combine resources and factors that have so far remained isolated or hidden.

Stimulating development is not, and cannot be, a technocratic attempt to increase the efficiency of the available production factors – it must be an

endeavor aimed at applying and linking these factors in new ways. It cannot succeed without the participation of many different actors, without a shift in their approach and a release of social imagination. It must be related to values and a common answer to the question about the idea of one's own city, which emerges from the polyphony of answers to the question "what for"? Without this, the city will remain stagnant, stuck in a rut, and filled with a sense of hopelessness and helplessness.

What happened in Medellín was the result of the conscious activation of a sociocultural interaction by the city authorities, namely Mayor Sergio Fajardo; this interaction went beyond the framework of previous cultural conditioning and led to a cultural overhaul of the city. As a result, new mechanisms for the development of Medellín were activated.

While emphasizing the importance of culture as an indispensable component of the mechanism of urban development, I also mentioned the danger of using culture instrumentally, as a lever for raising revenues. At the other extreme, however, there is another danger, which consists in establishing a cultural hegemony and imposing a dominant interpretative discourse. Then the cultural hegemon decides what remains "visible" and what is excluded from the sphere of legitimacy.

Avoiding the danger of cultural hegemony requires cognitive and structural obstacles to be actively removed from the field of culture. Only then can it be fertile and vital. And this task also belongs to cultural policy, although its fulfilment cannot be assigned solely to public authorities. It must be taken care of by various actors interested in the development of their city.

Social space-time of urban development

In most urban theories, the city is interpreted in functional terms and perceived as an organism. Ash Amin and Nigel Thrift [2002] oppose this approach. In their view, the city does not have a strict center or rigid parts. It is an amalgam of many, often disjointed, processes reflecting its social heterogeneity. The authors recommend paying attention to the interpenetration of space and time in urban development, which they described as transitivity [Amin, Thrift 2002, p. 9]. Therefore, it is justified to speak of spatializing time and temporalizing spaces [Lefebvre 1996]. This allows us to perceive the city as a "lived complexity", which requires at least a few narratives and maps to be described [Amin, Thrift 2002, p. 11].

Significantly, the functional approach emphasizes how a city works, while the developmental approach focuses on the ways of its transformation. The

former is necessary but definitely not sufficient. A city cannot be understood without grasping both how it functions and how it changes. Every social being is what it becomes.

Amin and Thrift formulate the ontological premises of their urban planning approach delving deeply into works of Alfred N. Whitehead [1978], which can be described as a “philosophy of becoming”. This is how they describe the common features of this type of philosophical approach [Amin, Thrift 2002, pp. 27–28]: 1) emphasis on instruments, on tools as a vital element of knowing, not as simply passive means of representing the known; 2) consideration of other modes of subjectivity than consciousness; 3) “feelings”, howsoever defined, are regarded as crucial to apprehension; 4) time is not a “uniquely serial advance”, but rather exists as a series of different forms knotted together; 5) becoming is discontinuous, “there is a becoming of continuity, but no continuity of becoming” [Whitehead 1978, p. 35]; 6) finally, and most importantly, this means that new “prehensions” (ideas about the world) can be constantly built. Based on such philosophical assumptions, the authors believe that theorization is a basic component of urban life [Amin, Thrift 2002, p. 27]. This theorization is the idea of a given city. It is not conferred but emerges as a consequence of various ties and interactions between many different urban entities (subjects). It gains concrete form not as a sum of viewpoints and opinions but emerges in consequence of the accumulation of numerous interactions that are impossible to program.

The distinction between *urbs* and *civitas* means that the urban space-time is perceived as multidimensional – physical on the one hand and social on the other. And the way in which these dimensions are related to each other has a fundamental impact on the city’s functioning and development. Of particular importance is the dynamics of interpermeation between these two dimensions: mutual stimulation and adjustment. They must form a living tissue of diachronic interdependence.

And this means that, in certain periods, what is civilizational (material) in the urban space-time interchangeably moves away from or approaches what is cultural (social).

Energy and activity are born in an open space, which must have its infrastructure, but is formed by social interactions. They occur if social actors trust and respect each other, if they show some degree of solidarity and pursue common goals. In order to develop, a city must have such a space – in its center and not on the periphery. Therefore, the intensive commercialization of city centers weakens and, over time, blocks development. Hence the strong resistance to basing development mainly on the city’s marketing strategy – if the city is a product, it means that it is for sale and can be bought piece by piece, gradually losing its – common and commoning – public spaces.

The crisis of public space in modern cities is a resultant of the neoliberal revolution, which leads to the commercialization and private appropriation of all resources. It is also a reflection of the cult of mobility, encouraging the intensification of mass consumption, which has become the main driving force of economic growth. According to Krzysztof Nawratek: "(...) cities are not entities in an economical and political sense. They no longer decide their own fate and have instead become a resource of space, buildings, infrastructure, and people" [Nawratek 2012, p. 2]. And as such, they are being exploited by global corporations, sometimes at the cost of social marginalization, degeneration, and exclusion of neighboring towns.

As a result, commercialization and consumerism are displacing civicism. It rekindles in opposition to the negative consequences of these processes, but it is too weak to effectively limit the eradication of public spaces. If public space is to be restored, urban democracy cannot be reduced to the rights to vote and express opposition. Conversely, achieving other forms of urban democracy will not be feasible without public spaces.

The cult of mobility stems from the conviction that a large city must be a multifunctional node of global market exchange. The result is the incongruity between the slogan "think globally, act locally" and the behavior of the strongest global exchange participants, who exert a decisive influence on the functioning of large cities, while thinking only about ways in which they can take advantage of local resources in their global market game. They exploit these resources but pay no mind to sustaining or multiplying them. When these resources run out, they can simply move their operation to another territory.

Nawratek provides an apt comment to the above: "The only reason for the flourishing of modern cities is that they are nodes in global flows. (...) The city exists in its instability and any attempt to freeze the flow will bring forth its end. Despite this, modern cities try to somehow hold on to these tides and contain them" [Nawratek 2012, p. 8]. What Nawratek calls flourishing is uncontrolled growth. Authorities of many cities are aware of the resulting danger and are looking for countermeasures. These have no positive effect if they consist in preventing the mobility of resources and production factors. The latter cannot be directly "grounded" or tied up locally. The answer, therefore, lies not in urban autarky and excluding the city's territory from globalization, but in multidimensional scaling of urban space in such a way as to inhibit the possibility of exploiting urban resources without contributing to their coproduction. This could be called localizing globalization.

The presence of public spaces – common spaces shared by the city's residents – is essential in every separate part of the city. It is indeed true that large cities are complexes of smaller urban areas. If these areas (districts, housing

estates) have no community of trust, cooperation, and co-responsibility, they degrade. Often to a degree so significant that they need to be revitalized – in the literal sense, i.e., revived. The point here is not that they are devoid of life and empty, but that they lack social relationships to stimulate development – they are simply “frozen” and must now be reanimated. Material stimuli are necessary for this purpose, but far from sufficient.

This can be perceived as a process of providing the space with multifunctionality. In practice, this means that we shape it in a multidimensional and subjective manner, assuming, however, that many of the city’s functionalities have left its physical territory. The transformation of the structures of a given territory is the transformation of the social relations occurring within.

Urban public space and resident quality of life

One of the most pressing problems of modern cities is that they sprawl out and are transformed into dispersed systems. This process was thoroughly analyzed by Montgomery [2013], who emphasized that dispersed cities occupy more space per resident, and their construction and functioning is more costly: they require more roads, more water and sewage pipes, electric cables, and municipal installations, as well as landscaping services. Moreover, providing various emergency services in these cities is more expensive, and they generate more pollution. He concludes: “In short, the dispersed city is the most expensive, resource-intensive, land-gobbling, polluting way of living ever built” [Montgomery 2013, p. 47].

The process of urban sprawl started as residents became fed up with the nuisance of living in overcrowded city-centers overburdened with industrial activity. Dispersed cities resulted from their reaction to the ugliness and crime of industrial cities [Montgomery 2013, p. 63]. Their escape from the city centers was a manifestation of their pursuit of a better life. In the USA, the realization of this vision was supported by huge subsidies in the form of federal mortgage insurance programs, giving new suburban home projects priority over renovations or inner-city development [p. 66]. This process was accelerated in the second half of the 20th century as a result of commercialization combined with individualistic and consumerist attitudes. New economic factors caused this exodus to include members of the middle class, running away from the exorbitant prices of real estate in the centers of large cities [p. 48].

Over time it turned out that they went out of the pan and into the fire, as the total cost of moving to the suburbs increased dramatically. As a result, “investing in a detached home on the urban edge is like gambling on oil futures and global geopolitics” [Montgomery 2013, p. 49].

Gradually, a formula for dispersed development has established itself, consisting of five elements: 1) fragmentation of the housing tissue; 2) hypermarkets and shopping centers; 3) office parks; 4) public institutions without public space (rarely encountered in Poland); 5) roads [Martyniuk-Pęczek, Parteka, Martyniuk 2015, p. 126]. This formula generates not only high costs, but also negative social and cultural consequences. Jan Gehl describes them as follows: “Outdoor spaces are large and impersonal. (...) the few activities that do take place are spread out in time and space. Under these conditions most residents prefer to remain indoors in front of the television or on their balcony or in other comparably private outdoor spaces” [Gehl 2011, p. 31]. Mass ludic spectacles – mainly sports and musical events, or perhaps the New Year’s celebrations in big squares – become the only form of intense social contact in such cities.

The origins of dispersed cities, especially in the USA, are strongly rooted in class and racial divisions, and this phenomenon further reinforces such segregation. Today, dispersion generally leads to the disappearance of social cohesion – community. The lack of identity has become particularly evident in the sprawling, expanding metropolises [Izdebski 2013, p. 85]. Their example are clear manifestations of progressing globalization and urbanization.

Negative experiences with the implementation of various urban ideologies have led to a situation in which debates on urban planning increasingly feature the residents’ quality of life as their most important point of reference. This category is being defined and evaluated with more precision than before. However, it was not the case that the authors of the successive ideas for the ideal city avoided considering this issue. Montgomery [2013, p. 64] states that “cities have always been shaped by powerful beliefs about happiness”. Le Corbusier’s modernist recipe for happiness was to combine geometry and efficiency. Hence his concept of the Radiant City [p. 65]. This example proves that considerations regarding the life and happiness of the inhabitants were focused on influencing the city’s shape by designing and developing its area. For thinkers such as Le Corbusier, the city was an object to be influenced, shaped by placing certain structures in an appropriate fashion. Indeed, urban ideologies objectify the city, even if their authors are primarily concerned with the happiness (good) of its inhabitants.

However, contemporary urban thinkers are trying to address the happiness of city dwellers directly and concretely. And defining this happiness is their starting point. Referring to Carol Ryff and Burton Singer [2006], Montgomery titled his book *Happy City* and adopted the following list of measures of eudaimonia: 1) self-acceptance – selfknowledge and self-regard; 2) environmental mastery – ability to navigate and thrive in the world; 3) positive relations with others; 4) personal growth throughout life; 5) sense of meaning

and purpose; 6) feelings of autonomy and independence [Montgomery 2013, p. 36]. He strongly emphasizes that “the good city should be measured not only by its distraction and amenities, but also by how it affects this everyday drama of survival, work, and meaning” [p. 37].

What this approach lacks is a definition of how the needs and quality of life of the residents are to be translated into the organization and functioning of the city in subjective and processual terms. I associate this translation with the city’s process of value production. In order to present and analyze it, the city needs to be considered as a value generator. This is not only about identifying what values are generated in the city and how, but also about recognizing whether this process ensures cohesion within the city in terms of both its material structure (*urbs*) and social structure (*civitas*). That is why Izdebski’s thesis [2013, p. 85] that modern urban planning should focus more on the city’s identity and cohesion is so apt, as only then can it contribute to a lasting improvement in the quality of life of the residents.

The relationship between *urbs* and *civitas* and quality of life can be well illustrated using the example of health. Jacek Klich [2016] presents an interesting take on this problem, relating health to four basic areas (dimensions): 1) physical (somatic); 2) psychological (mental, emotional); 3) social (ability to maintain proper relationships with others and fulfill social roles); 4) spiritual (personal creed, principles, behaviors, ways of maintaining inner peace).

This example makes it clear that the fundamental shortcoming of various urban ideologies is that the quality of life of the residents is a function of the city’s material structure. They consider quality of life mainly in terms of *urbs* (spatial planning), while the significance of *civitas* is marginalized [Klich 2016]. When the latter dimension does appear, then primarily as the city’s political system, its power structure, but not as a social structure perceived in terms of its cohesion and identity. That is why the authors of these ideologies, especially architects and urban planners, appear as demiurges, creators of cities. Quoted by Izdebski [2013, p. 89], Roger Scruton [2010, p. 152] mentions the modernist vision of the architect as a “Titan, manipulating vast structures and extended spaces”.

Various studies on cities raise the issue of values, but they often refer to specific economic values. A good example of this is the important World Bank report from 2013 [Planning 2013]. Its synthesis is presented in Figure 28.

In this diagram, each column begins with the word “value” but only in the meaning of valuing – valorizing. It is not so much about generating value as about valuing certain resources and activating certain financial levers that would increase their price. If the authors of the World Bank report are interested in value, then it is in the context of market price, especially with

regard to real estate. Such thinking can lead to sustainable benefits, improved quality of life, and city development, as evidenced by the textbook example of establishing Central Park in Manhattan. Aleksander Böhm [2016] emphasizes that the prices of land around the Manhattan Park have increased more than 85-fold since 1863! This initiative of the municipal authorities turned out to be a strong city-forming stimulus. It clearly proves the importance of preserving public (common) spaces in the city.

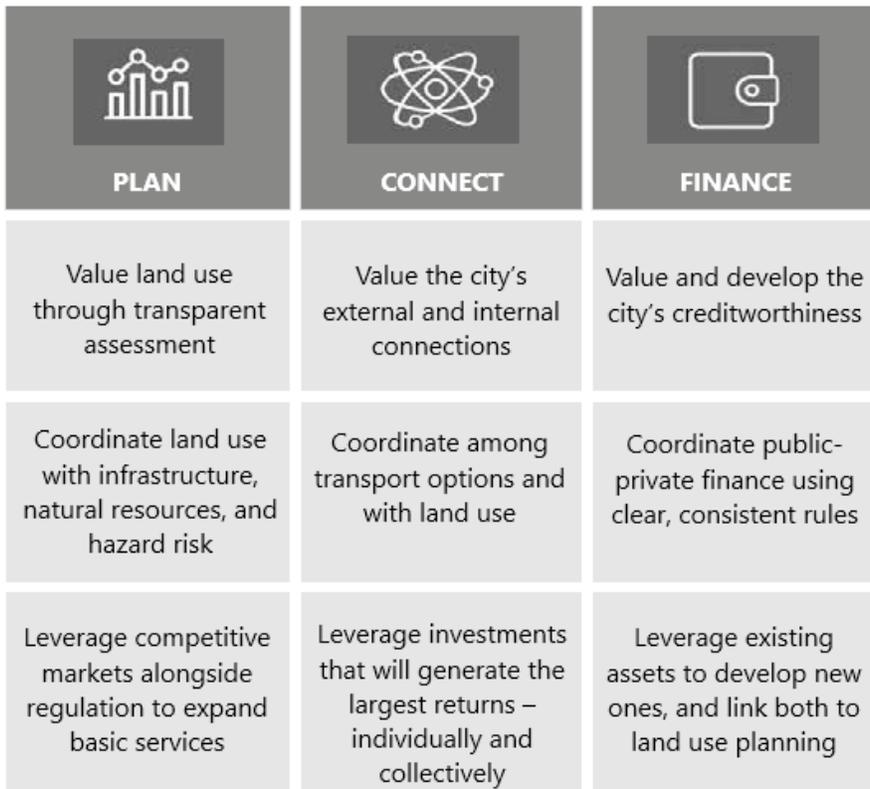


Figure 28. Urban policy framework.

Source: Planning 2013, p. 4.

However, the example of Central Park described in this way may lead to unilateral or even false conclusions. The market value of land and property around the park has increased manyfold. This is an indisputable fact. The initiative of the municipal authorities triggered a strong financial leverage and generated a stream of additional income. However, the essential importance of all the work that went into the park's construction must not be

overlooked: it lasted 15 years, and 20 thousand people were involved in this project. Before the market did its job, a great deal of conceptual and physical work had to be done, and it was this work that created the fundamental and multidimensional value of Central Park. Had the park's surroundings not been developed, the value of this land could not have increased to such an extent. The role of the market was important in this case, but it was secondary and not primary.

Therefore, two processes have to be distinguished: the first one is value production, the second is valorization. The market may be present in both, but these processes must not be reduced to market valuation, which often leads to the achievement of a short-term financial result (stream of income) at the cost of destroying key resources. The authors of the report cited above are apparently aware of this, as they titled the very first map appearing in the report "Where financing comes first, inefficiencies are likely to follow" [Planning 2013, p. 5]. This wise sentence signals that, instead of attributing importance to financial flows as such, we should pay closer attention to what they reflect. Unfortunately, when reading this report, one often gets the impression that this thought fades away, replaced by narrow-economic dogma that equates value with price. Although market valuation can generate value, it often obscures the destruction of values.

The case of Istanbul provides a different example – here attempts to turn it into a "global city" included plans to transform the Gezi Park into a shopping center. The aim was also to stimulate the current stream of income. While New York achieved an economic benefit by creating a public space, Istanbul did the opposite – a public space was to be commercialized and privatized. The latter is typical of the modern stage of urban development. This is being met with increasing opposition, and the movement to recover common spaces is growing. The supporters of this movement are not only concerned with the mere existence of non-commercialized public spaces, but also with preserving their commonality, which enables the formation civic communities. This is what movements such as the Occupy movement are about; they do not take over specific spaces for themselves, but open them to others.

Designing and creating public spaces is a complex and difficult endeavor, as reflected in the remarks by Jan Gehl [2010], an internationally recognized architect and urban planner, who notes that many of today's urban spaces seem empty, and events take place far away from people. The author stresses that communication between residents requires spaces of an appropriate size. For community to appear, the distance cannot be too close or too far away, so that "(...) individuals and events can influence and stimulate one another. Once this process has begun, the total activity is nearly always greater and more

complex than the sum of the originally involved component activities. (...) Something happens because something happens because something happens” [Gehl 2011, pp. 73, 75].

Another aspect of public spaces is highlighted by Montgomery. He claims that the frequency and intensity of social contacts depends on the presence of greenery in such spaces. “People who live in areas with more parks are more helpful and trusting” [Montgomery 2013, p. 111]. And he stresses that although we communicate digitally more and more often, we still need places, and not just spaces.

The need to limit the privatization of economic activity, including specific resources, is relatively easy to understand in relation to public space. This does not mean that in other cases this issue can be omitted. One can imagine a private water supply company, but not the privatization of water resources. Water is not only for personal use. And it must never be assigned to such use alone. How would public green areas be supplied with water in such a situation? How would larger fires be extinguished? If water remains a common resource, and its use is partly communal, then its value (not price) as an individual good increases. What would be the point of personal hygiene in the absence of hygiene on a collective scale? Excluding anyone from access to water is consequently a threat to all residents. Therefore, the larger the extent to which we commercialize water management, the more necessary it becomes to keep some of this activity public (communal). In order for such an activity to be monetized effectively, its significant portion must be excluded from outright monetization. Different water management schemes are therefore needed: from purely commercial, through mixed, to non-commercial. And such schemes cannot be established once and for all. They must be adapted to the changing conditions, including climate change. Without such an approach to the problem, it is difficult to recognize and shape the relationship between economic activity and the quality of life of residents. Civilization cannot be measured by the amount of resources (such as water or electricity) consumed per capita; it should be measured by the relationship between the consumption of said resources and the quality of life.

The problem's complexity is also due to the fact that water management is closely linked to other activities. These include, for example, the supply and use of energy. Therefore, even if this was technically possible, the aim should not be to create a fully closed water circuit (from cloud to pipe). Savings associated with having a closed circuit should be confronted with its consequences (urban floods caused by heavy rainfall) and costs (infrastructure) and considered in the context of cogenerating water and energy. Closing the circuit (narrow loop) must not obscure the perception of the wider circuit – the sensibility

of establishing a wider loop that may increase productivity and facilitate the production of a larger pool of goods and services. Closing the circuit may result in savings, but an open circuit can improve productivity.

This approach means that a water supply company is not only supposed to provide water and manage sewage; it should be an expert company, highly specialized in water use. Similarly, an energy company is not only supposed to produce and supply electricity but should also provide professional advice on its economical use.

The quality of life category is both subjective and objective, which means that it should be viewed dynamically and evolutionarily. Relating quality of life to the individual influencing factors is too much of a simplification. It is necessary to think in terms of processes, i.e., to take into account the social mechanisms that shape quality of life. Quality of life is improved by progress, and its deterioration is a consequence of stagnation (regression). Considering that it is impossible to improve it permanently point by point, setting it as an important reference point or an overarching goal requires a crosssectional approach. Concrete actions must be arranged along some axis, even though such an axis is difficult to identify and define, as this requires reliable research and extensive knowledge. Unfortunately, public decisionmakers generally do not have such knowledge at their disposal or are unable to use it.

The impact on the quality of life of residents must take into account their real needs, but also the changing conditions for satisfying these needs. These conditions cause people's needs to evolve and their structure to gradually change. Focusing on one type of needs leads to neglecting others, which resulting in stress and discomfort. It is not without reason that social psychologists emphasize that depression is the strongest disease of civilization in modern cities. Its sources include, among others, the virtualization of social communication and the digital civilization. This problem is going to be further exacerbated by the rapidly growing role of large virtual service platforms in satisfying the needs of individuals.

The right to the city

The idea of the right to the city was put forward by the French socialist Henri Lefebvre; it was later developed by David Harvey, who considered it to encompass not only the individual right to access the city's resources, but also the collective right of residents-citizens to participate in the democratic management of the city, to influence its life and shape [Izdebski 2013, p. 173]. Thus defined, the right to the city applies to both *urbs* and *civitas*.

As Izdebski aptly emphasizes, considerations about the right to the city as a legal-dogmatic foundation for the city's functioning must be based on an unorthodox understanding of the notion of property. This alternative approach "could be boiled down to treating property not as an absolute right but as a social function – while fully accepting the fundamental role of private property and rejecting the dominant role, or even more so, monopoly of collective property. This concept can also be described as a limitation of the content of the right of ownership 'from within', for reasons including the public interest, whose basic aspect in the sphere of public planning and development is (...) spatial order" [Izdebski 2013, pp. 144–145]. Such an approach goes beyond the pattern in which public authorities refer to property only in the context of its protection and consists in public determination of the social content of property. It entails a recognition that property rights are limited – both "from without" and "from within". It leads to the acceptance of the public nature of private property [Malloy, Diamond 2011] and is a manifestation of a transition from the liberalindividualist doctrine to a liberalsolidarist one [Izdebski 2013, p. 149].

Izdebski stresses that "if ownership carries an obligation, and its use should serve the general good as well, the relevant limitations enter its content also from 'within', they may not constitute exceptions to the rule but combine together to form the rule" [Izdebski 2013, pp. 148–149]. Thus, the right of ownership stipulates not only that the owner is not allowed to do whatever they wish with their property, but also that they are obligated to follow certain rules when doing what they are allowed to do. This is of tremendous importance for urban planning and the city's functioning. Urban space is a public matter even if it is not publicly owned [p. 150].

Although the right to the city is not explicitly included in European national constitutions or international documents, it has become an important category of public discourse. Izdebski states that it can be interpreted as a threefold right to good space: 1) the right of access to air, light, and nature; 2) the right to good public space; 3) the right to good spatial arrangement, understood as spatial harmony, i.e., in terms of spatial aesthetics [Izdebski 2013, pp. 176–178].

Izdebski considers the right to the city to be a subjective public right, which has emerged as a result of the "rights revolution", which took place in law-governed democracies after the Second World War [Izdebski 2017, pp. 163–164]. And he adds [p. 165] that rights of this kind are more and more often treated not only as a basis for ordinary legal norms, but as an intrinsic part of the legal order and, moreover, as a starting point for considerations on doctrine and jurisprudence.

Izdebski also points out that the universal-social model, oriented towards solidarity and citizenship, is much more conducive to the adoption and implementation of the right to the city than the neoliberal model, in which residents are treated primarily as consumers and customers. The former model is emerging in response to the consequences of neoliberal urban policy [Izdebski 2017, p. 170]. The right to the city integrated in such a model acquires the features of a fundamental right, which has its extra- and suprastatutory sources [p. 174]. Rights of this kind result from axionormative discourse and are subject to reinterpretation – their formation is evolutionary [p. 175].

Izdebski links the development of the right to the city with the right to good administration, already recognized in legal dogma and jurisprudence, ensuing from the broader right to good governance, as it should also be interpreted as a right to good public management of space and a corresponding obligation to provide such management. In general, this stems from the emergence of the third generation of civil rights, which “are even more difficult to assert than those of the second generation – because, on the one hand, they are clearly more collective than individual, and, on the other, various public authorities are obliged to respect them at the same time” [Izdebski 2017, p. 185]. The rights of the third generation clearly refer to urban planning and architecture and can no longer be omitted in the deliberations on resident quality of life and urban development. However, their implementation in relation to both the material and social space of the city remains problematic.

Izdebski also notes [2017, p. 188] that the relatively new and only just emerging right to the city may be in conflict with other, long recognized fundamental rights, e.g., the right to property and the related freedom of economic activity. Such a conflict of rights (norms) and their underlying values cannot be solved otherwise than by finding a balance between them. This balance should result from reflection and discourse, not from an authoritative settlement. This discourse must include various urban actors with a social mandate from the residents – a mandate that is not based on formal representation, but results from the activity of the residents themselves. When there is no such activity, when *civitas* is not born, then there is no real right to the city.

Therefore, if we wish to analyze the category of the right to the city, we should begin by asking three fundamental questions. Whose right? What should it contain? What should its nature be? Providing answers to these questions is not easy – it requires an open discourse among representatives of various research disciplines and various communities. Of course, the right to the city must be formed in the context of other kinds of rights. It must be assumed that different rights must not only correspond with each other, but also limit each other.

The debate so far has enabled the formulation of several fundamental theses that will be helpful in guiding further deliberations on the right to the city:

1. The right to the city must be understood as an active right, not a passive one,
2. The right to the city is a foundation for the balancing of various interests and thus also for the balancing of different dimensions and aspects of the city's development,
3. The right to the city is to express interdependence – substantial (objective) and procedural (subjective),
4. The right to the city cannot be excluding,
5. The right to the city must maintain a balance between the positive aspect (“right to”) and the negative aspect (“right against”). The aim is to prevent socially unfavorable actions and solutions, while at the same time enabling creative activity and the use of the creative potential of individuals and social groups.

Importantly, the latter thesis refers to the creation of a mechanism for balancing issues that are seemingly difficult to accommodate simultaneously: the particular economic goals of individual entities operating in the city, the maintenance of common spaces, and the skillful (harmonious) reconciliation of the various interests (expectations) of the city's inhabitants.

Although the right to the city is a legal category, its realization is strongly conditioned by society. All the more so because it treats the city's residents as a collective. And it is only when this collective really becomes a community (*civitas*) that the right becomes active. In order to “work”, the right to the city requires a certain social space-time. Izdebski rightly stresses that it contains a specific claim of the inhabitants with regard to the city authorities, but this claim cannot be met without their activity. Thus, there is also a component of “commitment”. The right to the city refers much more to what the inhabitants can and are able to do than to what they are allowed to do. Its lever is the city's imaginary and the residents' aspirations to lead active and creative – good lives.

The right to the city combines the residents' rights with their independent activity in exercising these rights. Without the latter, these rights are dead letters. Therefore, the right to the city is both collective and individual; it pertains to the community, but the community cannot benefit from it if it is not actively exercised by individuals. Notwithstanding, the role of individuals in this respect is strengthened if they act together.

Civic participation and dialogue

Undoubtedly, the right to the city includes the right to participate in the shaping of the city's spatial structure. While there are voices claiming that the participatory model, as opposed to professional urban management, leads cities astray, this criticism does not seem warranted. Participation and professionalization may complement each other, provided that the following procedure of shaping the urban space is adopted: 1) the problem is defined; 2) a proposal for a solution is developed; 3) public consultations are held; 4) the solution project is presented; 5) public consultations are held; 6) the solution is modified; 7) a decision to implement the solution is made; 8) the solution is implemented; 9) the solution is monitored by professionals and citizens.

In this approach, participation consists in public consultations, i.e., the most basic form of participation. However, in the case of a regulatory action by municipal authorities, such as interventions in the area of spatial development, this basic form of participation can be considered sufficient. All the more so because any arising disputes between the authorities and the citizens can be settled in court.

Advanced forms of participation require additional conditions to be met in order to be useful. A few fundamental premises must be adopted to clarify these conditions: 1) participation is a fiction without subjectification; 2) the point is to subjectify the community, not just individuals; 3) real participation is meant to restore the city to its residents, to recognize their right to the city; 4) it must be done by consciously utilizing the creative potential of the residents.

In practice, this means, among other things, that the management of many municipal facilities, such as libraries, community centers, kindergartens, and other properties where community-based activities (e.g., non-commercial trade fairs) can be carried out is handed over to residents-citizens. These facilities should not be privatized but communalized to give them a public, civic character. In this way, a certain pool of urban resources is generated for common use.

Importantly, citizen initiatives require some funding in order to prevent the commercialization of the facilities managed by citizens. However, this must be done in a balanced manner: on the one hand, activists should not be relieved from bearing the burden of risk and responsibility and, on the other, they should not be overly constrained by a "bureaucratic corset" obligating them to submit heaps of complex applications and reports. In this case, social control, made possible by ensuring the transparency of civic management, is more important than bureaucratic control.

Participation results from civil dialogue and not vice versa. If citizens do not have the opportunity to effectively express and confront their opinions, they will not be ready to participate in decision making and to assume co-responsibility. Launching a civil dialogue requires the existence of various forms of public spaces; in turn, civil dialogue allows these spaces to become not only spaces of co-presence, but also of forming communal purposefulness. Public space is, therefore, a key developmental resource.

If this is the way we perceive civic dialogue, then it becomes difficult to imagine the emergence of socially embedded urban policy without it. The latter opens a path to participation understood as (co)governance. The political-public function of (co)governance is not only to solve specific urban problems, but also to define and establish the rules of city management and urban policy that will be binding for both the municipal authorities and citizens. Thus, civic dialogue produces many communal goods that are extremely useful in managing the city. These include, among others: 1) information and knowledge; 2) trust in specific urban actors; 3) the ability of the latter to cooperate; 4) collective reflection and strategic imagination; and 5) the ability to correct urban policies.

It is crucial that urban dialogue is not reduced to dealing with individual issues. If it is to contribute to the city's development, developmental reflection and perspective cannot be abandoned. "What are we striving for?" is the fundamental question and the starting point for dialogue. Obviously, this does not exclude the possibility of dealing with specific issues. However, adopting this perspective prevents current affairs from overshadowing the broader, long-term perspective. Community consists not only in cogovernance, but also co-management, coproduction, and co-operation.

Civil dialogue in cities should not be institutionally stiffened. It should be characterized by "variable geometry" – understood as an openness to including other and new actors, their points of view and cognitive perspectives. Excluding active and organized actors from this dialogue results in limiting the city's capacity for development. Consequently, such exclusion always costs more than social inclusion.

Exclusion is a manifestation of the objectification and instrumentalization of the excluded actors, which eliminates the possibility of coproducing values and, as a result, weakens the ability to utilize the city's developmental potential. Social exclusion goes hand in hand with economic inequality and spatial stratification. This phenomenon is symptomatic for large modern cities. Overcoming it requires an extensive system of public services; launching such a system is difficult, burdensome, and costly.

Therefore, it is more sensible to prevent mass social exclusion in the first place than to counteract it by means of social expenditures and benefits [Metropolitan 2015, p. 94–95].

Coproduction of urban values is only possible in consequence of subjectifying the urban actors. This does not occur automatically, but is the result of a complex process. At least a few phases of this process can be distinguished: 1) other actors are noticed, which leads to the recognition of their co-presence in the urban space; 2) conversation and dialogue is started, leading to better understanding; 3) joint projects are undertaken, which leads to cooperation; 4) a partnership consisting in the coproduction of values develops; 5) which creates the need to share the benefits of the partnership, thus leading to its institutionalization and the formation of a normative order. As a result, an additional pool of resources is produced for common use.

Towards circularity of urban development

The functions of governing a city should not be reduced to preventive interventions. This is far from sufficient. Administrative and regulatory actions are necessary, but can only maintain the day-to-day running of the city, not its development. And without the latter, serious urban dysfunctions will eventually begin to emerge.

The more the behavior of the various types of urban actors, especially investors, is narrowminded, local, and fragmented, the more it reflects linear thinking, devoid of imagination and a sense of co-responsibility, the more interventionist and preventive action is required. This has various adverse consequences that primarily affect other actors, but also those who represent such thinking and take such actions. This is revealed over time as a complex process in which the relationships of cause and effect are difficult to identify. This situation is well reflected in the concept of a vicious circle, describing a complex circularity of actions and consequences that gradually and unwittingly lead to stagnation and collapse (Figure 29). The short-term benefits often obscure the unfavorable consequences, especially if the latter appear with considerable delay. The circularity of actions and consequences is inscribed in the nature of the world. Our failure to notice and understand this stems from a lack of imagination and responsibility as well a shortage of cognitive perspectives and instruments.

The starting point for overcoming these shortcomings should be the recognition that circularity works – whether we like it or not. It works in one way or another. It works for or against certain social groups, but also against entire

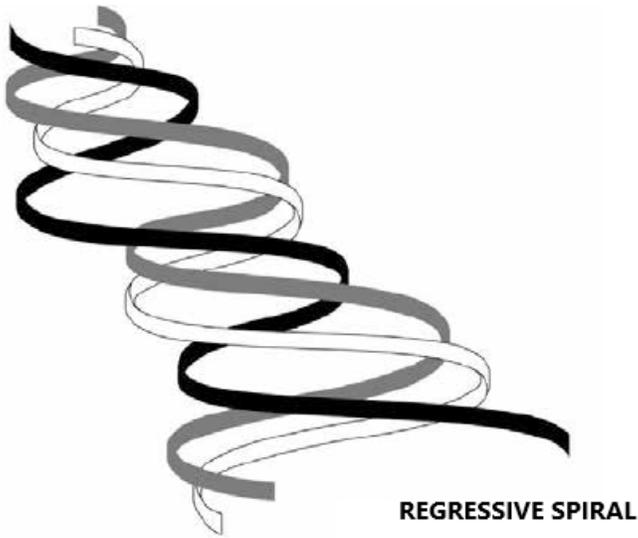


Figure 29. Vicious circle.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

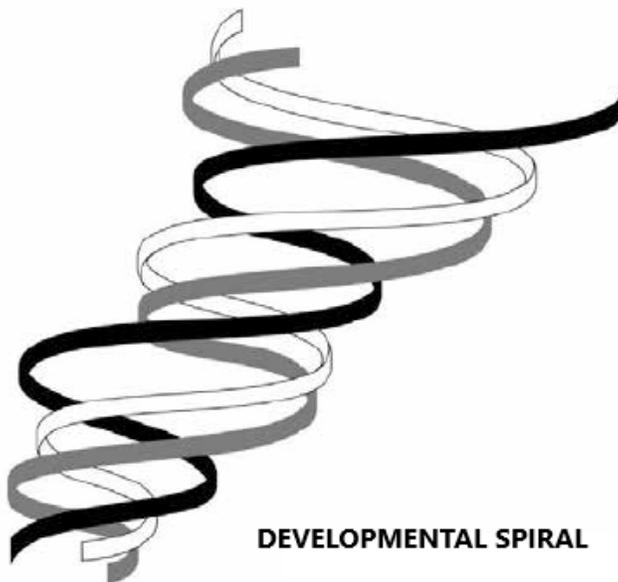


Figure 30. Developmental circularity.

Source: own work (illustrated by Karolina Wróblewska-Leśniak).

communities. No one is exempted from the effects of its action. This awareness should lead us to consider how to make this circularity socially beneficial, how to counteract stagnation and trigger a spiral of development (Figure 30). This is not some utopian vision of programming development. We will not program the future because it is unprogrammable. Instead, we can come up with and implement a way of using the available resources that will offer us (individuals and communities) more opportunities for development, thus setting a path to the future that is in line with our human imagination and responsibility. Essentially, this implies that reflection on the process of value production and, in the context of these deliberations, on the process of producing urban values should accompany us from the very outset of the journey.

At the opposite pole to thinking in terms of developmental circularity lies the linear approach to growth. It obscures the significance of existential values, making the size of the current streams of income the sole focus of its interest. In the case of spatial development, its interest is then limited to the amounts of income generated by the particular urban areas. And this determines urban policy, including the management of urban assets. In this approach, urban space is mainly considered in terms of its market and commercial worth.

David Harvey [1989] presented an insightful analysis of this approach (and its consequences), describing it as urban entrepreneurialism. The starting point for his reasoning is that “the task of urban governance is, in short, to lure highly mobile and flexible production, financial, and consumption flows into its space” [Harvey 1989, p. 11]. This consumes public funds, which are then lacking for programs that could reduce social polarization. The results of this include increasing disproportions of income and wealth and growing impoverishment of the residents due to the rising prices of local real estate. As a further consequence, cities fall into arrears, and urban systems become less stable and more susceptible to economic fluctuations [p. 12]. Harvey summarizes his argument as follows: “Ruinous inter-urban competition (...) bids fair to become a quagmire of indebtedness” [p. 13].

Circularity cannot be designed or shut down. It draws on both socially beneficial and unfavorable phenomena. But we can always take note of its driving mechanisms and try to shape them accordingly. Circularity results from interdependence, and the latter is inevitable. Still, we can influence the nature of this interdependence by influencing its participants (actors) and the relations between them. Exploitative interdependence is nondevelopmental. Opportunism gives rise to exactly this kind of interdependence. Only relationality (partnership) generates developmental interdependence. It should

also be noted that the latter type of interdependence is diachronic in nature and does not boil down to repetitive, simple, schematic, and synchronic interactions. It involves constant transformation on the part of its participants. It has both spatial and temporal dimensions and creates a specific social space-time.

In such a dynamic space-time, new links between the participating actors emerge. As a consequence, the actors (subjects of the partner interdependence) are transformed, and they modify their specific value creation processes. The more the partners base their cooperation on coproducing goods rather than just exchanging them, the more intense the transformation. Coproducing goods in partnership with others changes the cooperating entities, allowing them to produce new kinds of goods, and not just more of them.

Spiral developmental movement does not occur without learning and without a change in the social relationships. This change is not technical or technological, purely material, but social and thus also cultural. Development comes from imagination and knowledge. Imagination allows us to recognize challenges – dangers and opportunities. Knowledge, in turn, enables us to meet them, i.e., to limit the risks and take advantage of opportunities. The knowledge in this case is one that is shared and produced jointly through strategic discourse. Developmental circularity is derived from discursive (modal) strategic imagination.

Learning is not automatic. It stems from a particular need. It therefore requires selfknowledge. It is of fundamental importance for development to shape a social environment that generates the capacity for self-knowledge, including critical thinking, also pertaining to heritage. Heritage is a key developmental resource – not because it is preserved in memory and conserved but because it is critically reinterpreted and transformed, which means that heritage needs to be narratively integrated into strategic reflection on development.

In order for a developmental change to occur, four dimensions need to be linked with one another in a specific, creative way: 1) discursive; 2) institutional; 3) organizational and executive; and 4) instrumental. In practice, solving problems and making changes is mainly associated with the third and fourth dimensions, even though the first and second are much more crucial. Without them, no change will be socially solidified. On the contrary, it will be continuously contested and will remain largely transitory and subject to being reversed, which, while not implying a return to the starting point, would be a loss of resources and time – going around in a loop rather than developing.

Developmental circularity is shaped by open discourse and critical civic reflection. It results from activating strategic imagination, which should not be confused with planning. Strategic imagination is a prospective reflection

superimposed on autonomous and local experimentation. Its usefulness stems from the search for new applications of the available resources and for new ways of multiplying them and improving their quality.

The city's developmental resources are at the disposal of many different actors. If they are allowed to experiment, even on a limited scale, they will test new ways of acting at their own risk. The idea is for their own experience to be scalable and implementable by other actors. Individual learning can then also become a process of generating social knowledge, especially if individual experiences are subjected to reliable expert evaluation and critical social evaluation.

Every significant urban problem has a complex nature and requires a comprehensive approach that involves various mechanisms and modes of management: authority, partnership (cogovernance), and spontaneity. In any circumstances, solving the problem requires social knowledge, which comes from information (records), interpretation, and discourse. Therefore, we need knowledge that concerns not only the way things were and are, but also the way things may be. We need analytical knowledge (expert and object-oriented) as well as normative knowledge (civic and modal). Not only knowledge of how things are, what is true and what is not, but also axiological knowledge – what is right and what is not.

The generation of values, including urban values, should not be treated as a linear process, as can be illustrated by the metaphor of the value chain. The links of the chain constrain, while development results from the search and introduction of something new. Development is discontinuity in continuity. Pro-developmental ties must therefore be weak and appear on inter-organizational boundaries. To use an urban metaphor – on the outskirts. The significance of such ties is discussed by Gehl [2010]. Using examples of many cities from different continents and cultures, he shows how life can be breathed into the city by the proper design of the ground floor of buildings, including residential buildings, so that the closed and the open, the private and the public come together at the margin between the building and its surroundings. According to Gehl, urban planners must respect the principle illustrated by the Scandinavian proverb: “people come where people are” [Gehl 2010, p. 81]. He also recalls Christopher Alexander's powerful statement: “If the edge fails, then the space never becomes lively” [Alexander et al. 1977, p. 600].

Tadeusz Kudłacz and Tadeusz Markowski [2017] emphasize the importance of producing “club goods” as a factor of territorial development, including urban development. In their opinion, such production has a relational character, i.e., consists in coproduction. The role of public authorities includes, among other things, the creation of conditions that are

conducive to the coproduction of “club goods” as developmental resources. The concept presented by the said authors features the following noteworthy statement: “With the globalization of the demand for products and services, the sources of competitive advantage for companies are shifting to other, less mobile and ‘resourcerelated’ properties of locations, e.g., those associated with the high quality of the workforce or the so-called human capital” [Kudłacz, Markowski 2017, p. 13]. The significance of the phenomenon noted by these authors does not lie in the fact that certain factors are immobile or less mobile. Highly qualified specialists are in many respects even more mobile than commodities or devices. What is not mobile and cannot be easily reproduced is the environment in which some of the key resources are generated. Therefore, if accumulating or gaining access to such resources is important for a business, then finding an alternative location is difficult.

Such territorial advantages can only be sustainable if companies requiring such resources “localize themselves” strongly in the sense that they become an integral part of the environment generating such resources and contribute to their production instead of only exploiting them. And this creates a developmental circularity of producing such resources.

Recalling again the example of Kraków and the business service centers located in this city, it can be said that triggering a developmental circularity would require the corporations that employ scores of local students and graduates to contribute their resources to the process of training, launch joint education programs, and establish local R&D centers. Referring to the abovementioned concept of Kudłacz and Markowski: this would result in the production of a specific “club good” that would have a strong developmental impact, improving the quality of the production processes and bolstering the city’s potential for development. Circularity in this case would allow the “club good” to become a “communal good”, i.e., one from which everyone would benefit over time.

Values are not generated by simply networking various actors together. If this were the case, anyone could easily establish their own “Silicon Valley”. And that is not the case, despite the efforts. These efforts essentially consist in setting up various kinds of technology transfer centers in order to link businesses to universities as well as in organizing and financing cooperation in the triangle: municipal authorities – businesses – universities. Such thinking may produce recommendations to, for example, establish the position of an innovation specialist in the City Hall to coordinate initiatives focused on exchanging information and technology. Networking is therefore mainly understood as the creation of organizational nodes to connect various actors. This shows that this metaphor, commonly used in social sciences, is a flawed one, especially

– as John Urry [2000] and Bruno Latour [1999] point out – if the network is treated as a rigid system of nodes connected by established exchange channels rather than a loose and variable system of weak flows.

Development is a social process, not a technological one. It occurs when people come together and cooperate. The more often different people meet, communicate, and cooperate, and the more they trust each other, the more opportunities there are for using the available resources in creative ways. The organizational nodes and structures alone are insufficient; development also requires the “soft” ties resulting from communication and cooperation.

Grasping the relationship between urban synchrony and diachrony reveals the missing links in the urban mechanisms of circular development. Thinking in terms of developmental circularity helps eliminate narrow-mindedness and short-sightedness. It allows us to search for ties and relationships leading to the definition of city-specific processes of generating urban values, in which the generation of income streams goes hand in hand with multiplying and improving the quality of resources, which in turn serve to generate income. Then, we can look at the city not only through the prism of sectors, sub-areas, or functions (even if presented as a matrix), but above all in the context of development and the specific value creation processes in which the generation of existential and instrumental values is balanced.

Ewa Rewers [2005, p. 30] believes that the post-modern city (post-polis) is filled with signs whose meanings remain unread not because we have lost their code and context, but because we cannot agree on them quickly enough. Although this is an interesting thought, what I find questionable is the emphasis that meanings must be agreed on, and relatively quickly. I believe that the city space must generate ambiguity, allow for varied cognitive perspectives and different interpretations of heritage and the present. Therefore, agreement on meanings cannot imply homogeneity. The point is not so much to unify meanings, but to make them coherent, working out a certain set of meanings that are common and close, while constantly allowing new interpretations and meanings to arise.

This process of striving for the coherence of meaning never ends, so its quick pace cannot be its desired attribute. Deliberation matures and requires social time. It should work against the compression of time, imposed by the modern transactional market economy. The more we speed up economic turnover, the more intellectual turnover should be freed from the pressure of time. In order for the city’s idea to fulfil its modal role, it cannot result from some intellectual race or from media pressure, but from indepth reflection.

Developmental sustainability cannot simply be programed by the municipal authorities. Notwithstanding, they can (and should) consciously create a counterbalance to the narrow, economic, market-based approach to the

city in order to prevent its resources from being plundered, even though the latter may result in some short-term profits and generate current income for the city.

In the past, the city's ideal was metaphorically represented by the clock, which determined the rhythm of its functioning – providing regularity and order. While the clock does represent a simple form of circularity, its symbolism is inadequate when it comes to the city's development and its developmental subjectivity – a multidimensional spiral is a much more apt graphic representation.

Conclusion. Shaping urban space-time

Each city must define its own developmental idea, its path of subjectivity. A strategy of mimicry is no solution. Although there is a body of research that traces the development of cities and models the paths of their development in order to observe the consequences of making decisions concerning the directions of development in cities with similar economic profiles, it should be stressed that the overriding factor consists in features that are specific to a given city (its uniqueness, DNA) and the specific external conditions by which the city is affected. The city's own strategy must determine the actions and measures that will ensure that the relationship between the use of the city's own potential and the inflow external resources will benefit the city's development, resulting in a specific balance of flows between the city and its universe. However, the point is not to focus attention on such flows. The cult of mobility is wrong because, if resources can easily flow into the city, then they can easily flow back out. What matters is not so much the scale of the flows as the structural capacity to utilize the available resources.

The concept of the City-Idea is based on the conviction that, for a city to develop, it must be constantly reinvented. The successive generations of residents do not invent the city from scratch, but they should invent it further: push it onto the next trajectory. Łukasz Medeksza [2016, p. 10] emphasizes that the successive generations of the city's inhabitants are tasked with filling in the old frames not only spatial but also axiological ones. This must be done in such a way as to stimulate development while maintaining continuity, so that synchrony (functionality) can be reconciled with diachrony (developmental transformation).

Acting in this way allows the shaping of the city space to also become the production of urban values. It contributes to the reconciliation of existential and instrumental values of the city. And this ensures high quality of life for the residents. That is the core of the city's circular development, driven mainly by the use of the creative potential of its inhabitants.

The complexity of the city as a system means that managing it requires the adoption and use of different cognitive perspectives. The nature of the processes occurring in the city varies – linear, lateral, and circular processes take place alongside each other and coexist. This constitutes a specific context that enables the combination of cognition with action in relation to a concrete city, not an abstract one. And it implies not a constructivist (engineering) but an evolutionary (organic) approach to the city's development.

The city should not be treated merely as an object to be influenced, and its authorities should not be viewed as the only subject entitled to exert such influence. Cities are complex, open, and interactive social systems featuring many different social actors with various (sometimes competing) interests, needs, and ways of understanding rationality [Amin, Thrift 2002]. In addition, the social configuration thus defined is flexible and changeable. Therefore, the system of managing the city must enable a certain level of actor autonomy, decentralization of activities, and wide access to information [Fücks 2015, p. 196]. This does not exclude hierarchical, authoritative, and imperative actions, but the scope and depth of such intervention must be balanced. Otherwise, it will not be possible to solve or mitigate complex (looping) problems and foster a better use of the city's potential for development.

The forms of urban participation as such yield no benefits if the social (urban) system features no subjectified actors, ready and able to engage in real partnership and share responsibility with others. Participatory action is often nothing but a socially empty facade obscuring unrestrained arbitrariness. Cities managed in this way suffer under ambitious mayors who always know better and never stop to consider the real needs of the residents, ignoring the inevitable changes in the social structure and the configuration of group interests. It is because of rapid demographic transformations that the number of inhabitants is currently being replaced by their age distribution as the main driver of change in the social structure. Another important factor is growing social inequality and its polarizing, fragmenting, and segmenting effects – both spatial and socio-economic [Karwińska 2016].

In order for urban space to be protected against total privatization and appropriation, it must be considered not only in terms of its physical properties (i.e., as land to be developed), but also, and to an equal degree, in terms of its social (cultural and relational) properties. A significant portion of urban space must remain public – common in both the material and cultural sense. And this means that it must be systematically shared. There is no commons without commoning [De Angelis 2007].

The strength required to overcome stagnation will not be found in individual factors, organizations, or separate areas of activity. It can only be

generated by creating new, specific links between the various social actors and the resources at their disposal, and the nature of these links must be both material (hard) and non-material (soft). Only this can give rise to social forces capable of making a profound institutional change that will enable the community to embark on a new trajectory of development.

In order to contribute to the city's development, municipal authorities should become the moderators of the shaping of the urban space-time. In particular, they should promote those urban actors who are oriented towards the productive and circular use of the various urban resources; above all, they should foster the creative potential of the residents.

This means that the said actors should be involved in the process of shaping the urban imaginary as a co-imagined and co-formed concept of the city's development. In consequence, they will become participants in the process of coproducing urban values. Respecting and stimulating the creative aspirations of the residents is one of the ways of shaping the urban space-time.

CHAPTER XI

UNIVERSITIES-IDEAS

Introduction. The idea of the university

In the preface to Karl Jaspers's book *The Idea of the University*, Tadeusz Gadacz wrote: "The idea of the university is like the Sèvres standard that every university should grow up to" [Gadacz 2017b, p. 11]. This I do not agree with. Above all, because if it were so, the university would be an "ideal" entity, and thus "dead". Instead of the idea of the university, we should think of Universities-Ideas as real entities – concrete academic organizations which, on the one hand, fulfil the functions that make up a university (research, education, and formation), but, on the other, decide how these functions are fulfilled so that this leads to the production of academic values, primarily the generation of knowledge. In order to be a creative "knowledge generator", each university must create its specific process of producing academic values and determine the trajectory of its development. The idea of the university may be born in the mind of an individual, but it is realized through collective, social effort.

I do not deny that the experiences of particular universities can be generalized; it can indeed be concluded that there is a common set of features and activities that they share, and this can be considered as the idea of the university. But I would call it a formula, and not an idea. For me, an idea is contained in what a subject becomes. Both in the axionormative and the functional/operational dimension.

The reference to the Sèvres standard is questionable because this standard is an accepted measuring convention: it is something purely comparative and relative. In addition, it is completely unchangeable. And ideal in the sense that it is a perfect reference – a standard that is to be repeated with exactitude.

It is an unconvincing vision of a university, which ignores the fact that each university must be different and subject to change in order to be able to fulfil its general social functions.

Further on, Gadacz [2017b, p. 15] states that truth cannot be reduced to its usefulness and benefit, which I take to mean that the search for truth cannot be subordinated to practical, instrumental utility. This does not imply that truth cannot be useful; furthermore, searching for truth is not pointless: it serves to produce existential values.

The role of the university in the production of existential values also lies in the process of maieutic education, helping students develop their inherent potential. Thus, the university is a center for educating humanity and spreading humanitarianism [Gadacz 2017b, pp. 18–19].

Intellect and reason

An issue often raised in texts and statements relating to the functions of the university is the relationship between intellect and reason. The list of authors discussing this has included Erich Fromm [1961], who introduces the concept of productive thinking and believes that understanding it requires grasping the difference between reason and intelligence. “Intelligence is a man’s tool for attaining practical goals with the aim of discovering those aspects of things the knowledge of which is necessary for manipulating them” [Fromm 1961, p. 102]. In turn, reason is described by Fromm in the following way: “Its function is to know, to understand, to grasp, to relate oneself to things by comprehending them. It penetrates through the surface of things in order to discover their essence, their hidden relationships and deeper meanings” [p. 102–103]. Fromm emphasizes that most of our thinking is concerned with achieving practical results. We limit ourselves to recognizing the quantitative and “superficial” aspects of phenomena without going into their properties, without trying to understand their nature and quality [p. 102]. However, he is critical of this attitude, stating that: “We find today a tremendous enthusiasm for knowledge and education, but at the same time a skeptical or contemptuous attitude towards the allegedly impractical and useless thinking which is concerned ‘only’ with the truth and which has no exchange value on the market” [Fromm 1961, p. 76]. And he expresses particular concern with the fact that all kinds of schools, including universities, keep striving to impart as much useful information as possible to the students, leaving them little time or energy to *think*.

A similar critical reflection can be found in Max Horkheimer’s lecture, featuring the following entreaty: “I warn you against ‘concretism’. It consists

in clinging to what is directly given, tangible, in not being able to look beyond the current situation with one's thoughts and interests. (...) We insist on reason that makes us focus on the clock's cogs and wheels, and not on the time it measures" [Horkheimer 2011, p. 244]. Horkheimer's warning comes from his conviction that instrumentalizing the intellect is an introduction to spiritual submission [p. 239]. He described its consequences in the following manner: "The fact that a graduate is unable to combine the strength and courage necessary to solve life's problems with professional competence leads to such a combination of expert knowledge and obscurantism that justifies the assumption that educated people were no more resistant to totalitarian madness than uneducated ones in the past and that this will not change in the future" [p. 244]. He believed that educating judges in this way would mean the death of justice, for without training in thinking and reason, without referring to what is non-instrumental, individual freedom and responsibility are impossible to maintain [p. 242, 245]. They become instruments [p. 238].

Otto Bollnow also draws attention to the important but limited function of the intellect in relation to reason: "The intellect as such cannot set any goals, but must take them from elsewhere, and therefore, as a power of purposeful accounting, enters into the service of any goal. The intellect as such is neither good nor bad, but is only a menial instrument" [Bollnow 1979a, pp. 1202–1203]. The function of reason, in turn, is presented by Bollnow as follows: "Therefore, reason is understood here as the medium of a community in which people, listening to each other, can meet in conversation" [p. 1203]. And he goes on to add, "The power of reason means humanizing life by mastering irrational forces" [p. 1205]. This humanistic dimension of university education is emphasized by Hans Gumbrecht [2003, p. 56], who emphasized that it includes not only training the students' intellect, but also forming their personalities (*Bildung*), which makes them capable of intellectual and personal independence.

What conclusions can be drawn from this synthetic overview of the positions of outstanding German scholars representing different fields of knowledge and writing in different periods? University education should serve both intellect and reason, as it is reason that guides intellect. This prevents thinking from being reduced to practicality and efficiency, relating it to ethics and responsibility. This also gives rise to its special component, namely – imagination. Piotr Olkusz put it aptly in the conclusion of his inspiring essay about the institutions of imagination and understanding: " 'What sort of science is that,' Thoreau asked under Humboldt's influence, 'which enriches the understanding but robs the imagination?'. What kind of institutions are those – one

might ask further – which enrich the understanding but rob the imagination? And what kind of institutions are those which not only rob the imagination, but also fail to enrich understanding?” [Olkusz 2017, p. 177].

It seems that “technology” and “intellect” originate essentially from a similar order, although from different worlds. These are ability- and tool-oriented concepts. We can talk about intellectual ability as well as material and technical ability. In this sense they belong to the operational and functional order and are important in thinking about instrumental values. Reason, on the other hand, comes from another order, namely the axionormative order. This means that we look at the same thing from a different perspective: we do not ask how a thing works, but what the purpose of its working is. This gives rise to the fundamental question concerning the axionormative framework of all kinds of technologies – including intellectual technology, as we are increasingly dealing with intellectual technologies rather than physical ones. If we are talking about bots, big data, the ability to process or generate reams of information, and finally artificial intelligence, then we should not neglect to ask the question: what kind of knowledge is created in this way and what purpose does it serve? While the operational order helps us improve technologies, the axionormative order is required to prevent them from being used against people and humanity.

Why is it so important to make the distinction between intellect and reason, information and knowledge? Because we live in a digital economy – an economy of excess, and not in an industrial economy – an economy of scarcity. The advantage of the new great powers of the digital economy lies in the fact that they control the process of transforming vast amounts of data and information into scarce and useful knowledge. I see the university as the very institution of collective life that must prevent the appropriation and instrumentalization of knowledge – it is a key segment of power that balances the impact of the commercial digital actors.

However, in order for the university to foster both intellect and reason, it should first and foremost encourage and motivate students to learn critical thinking and adopt an attitude of respect towards other beliefs. Cultivating reason also requires students to participate in culture, introducing them into the open social space-time, which they can then shape [Olkusz 2017].

Piotr Sztompka made a convincing comment about the importance of culture at the university: “As a sociologist, I understand culture as a set of ideas (convictions, views, opinions) and, what is particularly important, rules of conduct (values indicating the goals that are worth pursuing, norms dictating the worthy ways of achieving goals, and role models exemplifying the lives

that are worth living) which are shared in a given community and accepted by its members. And I believe academic culture to be the ideological and normative framework that determines the field of activity of the university community” [Sztompka 2014, p. 7]. And further on: “The origins of academic culture are twofold. Firstly, it is a cumulative result of centuries of articulation and crystallization of academic tradition – the idea of the university. Secondly, it is shaped by the current broader context in which universities function: legislative, political, economic, and, in particular, the context of legal or administrative regulations controlling the organization of university life from above” [Sztompka 2014, pp. 7–8]. Universities in particular should be the places where civilization and culture meet. Otherwise, their paths will diverge.

Science and the social imaginary

The way in which research, education, and impact on the immediate and remote environment tie in with one other has fundamental significance for defining the idea of the university. Here I am interested in the relationship between, on the one hand, conducting research, science, and shaping social ideas about the world and, on the other, the social imaginary.

Mark Blyth states that most social researchers (and so also economists) adopt the following four fundamental assumptions: (I) we live in a world of equilibrium (statics) rather than disequilibrium (dynamics); (II) causation in the world is linear; (III) change assumes a discontinuous function, which means that it is caused by the introduction of exogenous variables; (IV) outcomes in this world are normally distributed [Blyth 2011, pp. 84–85]. The author describes this scheme that has dominated the social sciences, including neoclassical economics, as “a world in Equilibrium, where causes are Linear, where change comes from Exogenous variables, and where outcomes are Normally distributed”, and abbreviates it as ELEN. Having first presented and then undermined these assumptions Blyth asks: “what if we live in a world that is actually disequilibriumal and dynamic, where causes are endogenous and nonlinear, and where the outcomes of interest are *not* normally distributed?” [Blyth 2011, p. 87].

Blyth stresses that the proponents of the theories based on these assumptions, which he himself clearly contests, perceive the deep changes occurring in the world yet believe them to be rare and caused by exogenous events. They see these changes as deviations from the normal state, from the mean, after which the state of the system assumes a new equilibrium. Therefore, they use the concepts of “path-dependence” and “punctuated equilibrium”. The former

is meant to explain systemic continuity, the latter – change. One example of this manner of explaining social change leading to a new state of equilibrium is the way the consequences of World War II on the global order are often explained. Blyth likens such interpretations of social change to explaining changes in the natural world caused by catastrophic events, such as the extinction of the dinosaurs caused by a meteor crashing into the Earth [Blyth 2011, p. 85–86].

Transferring this approach, criticized by Blyth, to the field of analytics, it could be considered that the analyst's task is to capture the investigated phenomena's normal state, which can be recognized analytically by establishing the appropriate means and standard deviations. The weakness of such an approach has been demonstrated, among others, by Frans Willekens [2018, p. 46], a recognized authority in the field of demography. He emphasized that explaining demographic phenomena in this way is unreliable; therefore, in this field of study, it is advisable to replace the typological approach with a broader one, which he described as “population thinking”, that explains demographic phenomena not by means of average values for a given population, but by capturing the differences between individuals and recognizing the resulting evolution.

Blyth leads his argument in such a direction as to demonstrate that the world studied by social sciences is a world of uncertainty rather than probability. Which, in his view, also applies to exact sciences [Blyth 2011, pp. 88–89]. He believes that social researchers are actually dealing with three different worlds: (I) the familiar world of observable generators and computable probabilities; (II) a world of “fat-tailed” distribution (Gaussian plus Poisson distribution), where uncertainty rather than risk prevails; and (III) a world in which we assume some form of “normality”, despite the fact that it is dominated by “fat-tailed distribution” [Blyth 2011, pp. 90–91].

Only in the first of the worlds distinguished by Blyth are the assumptions of the ELEN model fulfilled. It is a world of equilibrium, continuity, and high probability. The second world is the one in which we essentially live and the one social researchers actually deal with; it is a world of unstable and emergent causation, a world of contingent results. The nature of this world is complex, and the behavior of its actors can lead to different outcomes in different circumstances; at the same time, these outcomes depend unpredictably on the behavior of individual actors. In such a world, no amount of observations will bring us closer to the “true” value of the investigated variable (mean and expected deviation), because such a value does not exist [Taleb, Pilpel 2003, p. 14].

In this context, Blyth asks another key question: which of these three worlds do we wish to understand through social science? What purpose can be served by these sciences if we consider uncertainty, nonnormality,

interdependence, and non-linearity as conditions for human action? His own conclusion is that “ideas need to be central to our social scientific endeavors” [Blyth 2011, p. 94]. And he stresses that “(...) ideas must be seen as more than simply add-ons to existing frameworks. They fulfil the role of basic media, through which agents interpret the world and construct stability in it” [p. 96].

Blyth’s reasoning comes close to my own. Notwithstanding, I do see some fundamental differences between our approaches. Where Blyth sees three worlds, I see only one world, but three different ways of understanding it (object, system, modality) with three respective types of interaction and the associated roles (observer, participant, observer-participant). This is followed by the generation of different types of knowledge, which are used in different ways by the different types of actors.

I agree with Blyth that ideas make it possible to make the social world more coherent, to “normalize” and stabilize it to some extent – despite its contingency – and to manage its fragments. What I see as problematic is the fact that Blyth does not specify how these ideas emerge and exert their influence. He does remark that institutions are populated by learners who are reflective and purposefully shape their environment [Blyth 2011, p. 97]. However, I find this explanation far from sufficient. The elements missing here are intersubjective discourse, modal thinking, and the social imaginary.

The social imaginary derives from discourse, interpretation, and imagination. Its creation requires many different actors. The outstanding German philologist Hans Gumbrecht presents an interesting take on this matter: “It is my impression that, in different ways, all philological practices generate desires for presence, desires for a physical and space-mediated relationship to the things of the world (including texts), and that such desire for presence is indeed the ground on which philology can produce effects of tangibility (and sometimes even the reality thereof)” [Gumbrecht 2003, pp. 5–6]. Of particular significance in Gumbrecht’s approach is the co-occurrence of the desire to make both the object and imagination present. This means that instead of limiting themselves to the spiritual interpretation of the investigated object, the philologist should also physically make it more accessible, giving others a chance to know it. Without this work carried out by philologists, there is a “crisis of representation” of a certain scope of literary heritage in the present, and thus an absence of a component of cultural potential. Gumbrecht [2003, p. 23], recalls the thought of Wolfgang Iser [1991, p. 377–378], who claimed that the activation of imagination requires a stimulus resulting from the intentions of a given subject. However, if imagination is stimulated collectively, no subject can fully determine its direction or its products.

For me this means that the past shapes the present through the living presence of heritage within it: a presence that is physical but also results from new, creative interpretation of heritage, one that combines knowledge and imagination, influences the social imaginary and shapes it. It marks the path for the future. The greater the number of actors who actively participate in the formation of a given imaginary, the wider this path becomes. The strength of the social imaginary stems from its roots in the past, its contemporary presence in the form of heritage, and from the creative interpretation of this heritage. A social imaginary shaped in this way serves to maintain social order.

Nicolai Hartmann [1953] made some critical and apt comments on the dangers of doing science based on a priori assumptions from which the conceptual framework is then deduced. He wrote about it as follows: "Once human reason feels itself to be in possession of the highest universals it is readily concluded that reason can actually 'derive' from these universals all that which it does not know how to extract from experience" [Hartmann 1953, p. 8]. This reflects our desire to perceive the world as united and unified. But the world does not conform to this desire. It is not as people would wish to see it. Reason's desire for the world to be unified proves to be an illusion. However, it would be unreasonable to arbitrarily assume that the world features no unity at all. Yet it is not the unity that the mind would wish to create. The nature of the world's unity does not consist in the unity of a single object, but in the unity of multiplicity [p. 60]. I would describe it as a coherent heterogeneity.

Hartmann [1953, p. 27] proposes a distinction between real possibility (*Realmöglichkeit*) and actual reality (*Realwirklichkeit*). This first category is not essential in character, but reflects the totality of the circumstances present at a given time in a real context. The latter is not understood anthropomorphically, that is, as a deliberate result of human intelligence and action, but as a complex consequence of far-flung contextual conditions. And this is the ontological basis that Hartmann proposes to adopt as the scientific approach to existence. Such an ontology, or "the new ontology" as Hartmann puts it, is in contrast to the analysis of a priori categories directed towards structural content. Hartmann calls this approach "modal analysis".

Henri Bergson [1928, 1968] takes a similar stance on scientific cognition, well reflected by the following statement: "(...) there is *more* in a movement than in successive positions attributed to the moving object, *more* in a becoming than in the forms passed through in turn, *more* in the evolution of form than the forms assumed one after another. Philosophy can therefore derive terms of the second kind from those of the first, but not the first from the second: from the first terms speculation must take its start. But the intellect reverses the order of the two groups; and, on this point, ancient philosophy

proceeds as the intellect does. It installs itself in the immutable, it posits only ideas” [Bergson 1928, p. 333]. Like Hartmann, Bergson undermines the idea of relying scientific cognition on a priori concepts and assumptions meant to capture the universal essence of the world. He calls for the study of reality in motion, focusing on what is changeable rather than eternal. Although he does not use the concept of contingency, he describes reality from this perspective, emphasizing strongly the relationship between what is possible and what is real. He writes about it as follows [Bergson 1968, pp. 117–118]: “If we leave aside the closed systems, subjected to purely mathematical laws, isolable because duration does not act upon them, if we consider the totality of concrete reality or simply the world of life, and still more that of consciousness, we find there is more and not less in the possibility of each of the successive states than in their reality.” The consequence of rejecting such an understanding of the world and the resulting cognitive perspective in favor of a priori assumptions is that the concepts and intellectual constructs so constituted lose their connection with time. “They enter into eternity (...); but what is eternal in them is just what is unreal” [Bergson 1928, p. 335].

Paul Ricoeur [1978, p. 154] believes that analytical activity forms part of an interpretative arc, which also requires other types of cognitive activity to connect explanation with understanding. According to him, man belongs to both the world of *bios* and the world of *logos*, to nature and culture. “Man is precisely the being who belongs at the same time to the regime of causality and to that of motivation, thus of explanation and of understanding” [Ricoeur 1978, p. 158]. The result of this latter allegiance of man is that there is a logical link between motive and action, but there is no causal link here [p. 156]. Action is always entangled in circumstances, and its outcome is not predictable. In order to make it effective, people strive to contain the conditions of their actions within a certain framework, to create a closed system in which the relationship between the initial state, action, and the terminal state is controlled [p. 158–159]. In order to explain this, we try to perceive reality as a closed system, in which movement follows the given and recognized rules.

However, understanding does not conform to this mechanism. Ricoeur demonstrates this convincingly by comparing human action to text. He writes about it as follows: “(...) in one way the notion of the text is a good *paradigm* for human action, in another the action is a good *referent* for a whole category of texts. (...) human action is in many ways a quasi-text. It is exteriorized in a manner comparable to the fixation characteristic of writing. In becoming detached from its agent, the action acquires an autonomy similar to the semantic autonomy of a text; it leaves a trace, a mark. (...) Even more like a text, of which the meaning has been freed from the initial conditions of its

production, human action has a stature that is not limited to its importance for the situation in which it initially occurs, but allows it to be reinscribed in new social contexts. Finally, action, like a text, is an open work, addressed to an indefinite series of possible ‘readers’” [Ricoeur 1978, pp. 160–161]. Therefore, action is not only the fulfilment of a specific role in accordance with a given text, but also opens up a space in which its new interpretation appears, and thus a new reading of the role. The former dimension is subject to explanation, the latter requires understanding. Explanation requires a scheme, the adoption of a specific cognitive perspective from which specific cognitive instruments and questions arise. However, action goes beyond this scheme, thus creating a new situation, a new narrative. We can either understand it or not, but it cannot be explained.

In my terminology, the social space-time is opening and changing. We can try to describe it, but not explain it. This will be possible only when it is structured (institutionalized), and the rules that organize it are revealed. Ricoeur captures this moment remarking that explanation becomes useful again when understanding comes to a dead end [Ricoeur 1978]. Explanation requires the cognized world to be objectified, while understanding reflects this world’s subjectivity, which cannot be completely excluded. This is where the essential meaning of the interpretative arc. If we look at this arc from the perspective of the participating actors, we will find in its application the roles of observers, participants, and observer-participants.

This is in line with Erich Fromm’s argumentation [1961], who also emphasizes that people belong not only to the world of nature, but also to the world of culture; that they should be understood subjectively and not only objectively; that they are not infinitely plastic; that they are not puppets in the thrall of institutions. And he concludes his argument as follows: “If we assumed that there is no human nature (unless as defined in terms of basic physiological needs), the only possible psychology would be a radical behaviorism content with describing an infinite number of behavior patterns or one that measures quantitative aspects of human conduct” [Fromm 1961, p. 22]. This would exclude the possibility of judging the social order from the point of view of good. The axionormative reference and social imaginary would be meaningless and would have no place here.

An increasing number of recognized and respected economists are opposing this trend and are trying to correct it both in theory and in practice. One example of this is the debate on the post-GDP economy and the work on measures of development and welfare other than GDP. The purpose of these efforts is well illustrated by the following remark contained in the synthesis of the famous OECD report *Beyond GDP. Measuring What Counts for Economic*

and Social performance: “What we measure affects what we do. If we measure the wrong thing, we will do the wrong thing. If we don’t measure something, it becomes neglected, as if the problem didn’t exist” [Stiglitz, Fitoussi, Durand 2018, p. 13].

This leads to at least two fundamental conclusions for economic research:

Measurements must relate to real problems, they are intended to identify the actual course of phenomena and not to confirm a priori categories and assumptions. This means that it is the researcher’s duty to clearly define their cognitive perspective, which must contain no non-factual assumptions, and to select research tools that logically result from the adopted perspective, but also allow for a reliable and insightful explanation of the investigated phenomena. The researcher must also recognize that their perspective is not the only one possible: a welldefined perspective has its advantages but also its limitations. Therefore, it is their duty to confront the results of their research openly with those obtained by researchers adopting different research perspectives.

When measuring, we cannot ignore what is right and wrong, what is good and what is bad. It bears repeating: “If we measure the wrong thing, we will do the wrong thing”. The researcher should not ignore the axionormative reference, they must be aware of it. In practice, this means referring to the social imaginary and assuming that the research activity can influence its content to some extent.

I wish to illustrate the importance of these conclusions with the results of two current analyses, which I encountered quite by accident.

Research conducted in the USA shows that in the specific analyzed cases, high economic growth can be associated with an increase in homelessness as a result of increased fair-market rent (FMR), fueled in turn by the inflow of a large number of high-income digital workers [Stringfellow, Wagle, Wearn 2018]. This shows the fallacy of the trickle-down theory and the view disseminated by many economists that economic growth benefits everyone, albeit unevenly (trickle-down economics). And in specific cases, the analysis results should lead decision-makers to consider the actual economic availability of affordable housing in their area and what they can do in this respect. If the problem in a given city is serious and growing, housing policy should become a part of its development strategy and a component of the urban imaginary.

The second example shows that an economic success in the form of a significant increase in e-commerce can exacerbate the problem of congested urban traffic, deteriorating the quality of life of the residents [Bouton, Hannon, Knupfer 2018]. In this particular case, GDP is surely rising, but the quality of life is decreasing. This should spur reflection on both how the phenomena related to the digital economy should be studied and what the axionormative

reference should be for the researchers. All the more so as the issue of traffic congestion has become a common component of the urban imaginary and cannot be further neglected by the city authorities. Therefore, they have to consider how to reconcile the progressive digitization with the living conditions of the inhabitants.

Both examples indicate that undertaking social and economic research requires a responsible consideration of the research topic, the questions asked, and the language used, so that the knowledge obtained is scientifically reliable and socially meaningful [Sztandar-Sztanderska 2018] or, to use the language of Paul Ricoeur, so that it may contribute to both explanation and understanding. The aim is to adopt an empirical and critical attitude, to avoid taking anything for granted or treating it as undisputable, and to not give in to appearances – as Karolina Sztandar-Sztanderska writes in her interesting discussion of public policy research [2018, p. 16]. It is also worth keeping in mind that apparently technical and neutral language has its social consequences [p. 18].

We conduct social research not only to learn about and explain phenomena and describe the changing world, but also to make an analytical contribution to wider discourse. Following in the footsteps of Jean Baudrillard [1983] and using his arguments, we can conclude that if there is no such discourse, if we do not develop modal thinking, then we are stuck in a coded “system” which “is no longer anything but a gigantic simulacrum (...) never again exchanging for what is real, but exchanging in itself, in an uninterrupted circuit without reference or circumference” [Baudrillard 1983, pp. 10–11]. Elżbieta Mączyńska [2018] aptly stresses that the lack of an axionormative discourse results in cultural regression, a lock-in effect that blocks development [cf. Hryniewicz 2012].

Reforming universities

There is a much talk around the world about the crisis of the university. Everyone keeps debating about the need to reform higher education. It is a hot and current topic in Poland as well.

At present, the Polish university is a factory of diplomas. It follows a model of professional education that emphasizes the importance of intellect, not reason. This is compounded by the problem of depersonalization and the disappearance of direct connections not only between students and teachers, but also among the students themselves. The academic community is failing to cope with this problem because of its cultural and axiological deadness. The university is in a major crisis, and a profound transformation is sorely needed.

In the case of universities, it is difficult to talk about zero-one situations, where choices are made in the “either-or” scheme. The complexity of academic reality is such that, in general, such choices are neither possible nor reasonable. We are forced to operate in a “this and that” scheme, reconciling different values, norms, and actions. And this is not feasible without developing a broader academic imaginary. That is why it is so important to communally define the idea of a particular university, to determine its developmental trajectory. The solution to this problem is to embark on the difficult path of agreeing on the direction and instruments of action by relating what is operational and executive to what we see as axionormative and fundamental, rather than follow the path of extremes or opportunism. That the pillars of the university’s constitution include research, teaching, and pedagogy seems obvious enough. But how should they be related to one another? How in practice are they to be connected and reinforce one another? This must be decided by each particular university, in a particular academic environment. The new imaginary results from a common diagnosis, one that is accurate and meaningful in the sense that it drives people to join common efforts and action. And the map of such action emerges gradually.

If we stop to consider the current situation of higher education in Poland, the first dilemma that comes to mind concerns the model of governing universities. The essential line of division runs between the communal model and the managerial model, and in practice the latter is the one under which we are currently operating.

One of the main risks associated with the managerial model is treating students as the university’s clients and not as members of the academic community. This is the aftermath of treating universities as businesses and education as a market product, an outcome of the administration’s focus on marketing efforts. When this approach succeeds, it results in soaring recruitment and revenue, leading in a straight line to the expansion of the university’s material base, e.g., the construction of large campuses. Over time, as successive classes of students realize that the quality of the education provided by such a university is low and incommensurate to its cost, recruitment rates fall. And the university gradually becomes a property rental agency.

The second dilemma concerns the extent to which the university is to operate within a certain axionormative order, and the extent to which it is to follow the logic of operational efficiency. This raises a perverse question: can such a structure as the university be managed in an object-oriented fashion? Is it possible to control such a complex apparatus through the imposition of parameters?

The third dilemma relates to the relationship between teaching and research. A strong emphasis is now to be placed on research. This is all the more significant as universities are to be divided into research and teaching universities. But the university's functions also include a third element, which is pedagogy. The latter component is indispensable; in fact, it may be the key to sensibly combining all three into a single academic whole.

Should not those who teach at universities also conduct research? That is what Karl Jaspers believed [1959]. Some general courses and courses outside the core curriculum could be taught by non-researchers. But in general these components of the university's mission should overlap and reinforce each other: teachers should also be researchers and involve their students in their research. Therefore, I find the division into research universities and teaching universities objectionable. Vocational colleges may restrict themselves to teaching, but universities must remain places of research.

Instead of the proposed division into two categories of universities, it would be better to consider a more flexible and diverse model of academic career, alternating between periods of intensive research and periods of teaching that would be based on the results of this research.

The fourth dilemma concerns the egalitarianism and elitism of studies. Here we can make a distinction between intellectual elitism and egalitarianism in terms of access.

The fifth dilemma consists in reconciling the university's independence with its social responsibility and accountability.

I am convinced that none of these dilemmas can be resolved in isolation. The solutions to these problems should complement each other, and the way this is done at a particular university will determine its idea.

What legal framework is adopted to introduce the necessary changes seems to me of secondary importance. What is more crucial is that these changes will not happen and will not open new development opportunities unless we develop an appropriate academic social space-time. Before we begin to draw up plans for reform, we first need to deal with the creation of a new imaginary, working out the concept of the University Idea through open discourse. This cultural dimension of the reform should take precedence over the formal, legal, and material dimensions.

The process of education and teaching must be invented anew. It cannot be programmed years ahead in advance. It must be premised on a diachronic approach and developmental thinking. The curriculum must cease to be the point of reference in favor of becoming a method of shaping new and previously unknown competencies. And these cannot be developed in isolation from practice. The transition from training to learning and producing new

competencies means that higher education in particular must become dual, carried out simultaneously at universities and in centers for solving specific practical problems. It is then carried out not with a particular vocation or workplace in mind, but with the purpose of generating the ability to create new competencies and the institutional capacity to use and improve them.

If what matters is not new vocations, but new, specific competencies, then the separation of disciplines and areas of knowledge becomes a hurdle that must be dealt with at both theoretical and practical levels.

An indispensable component of the education process formed in this way is the release of the imagination and developmental aspirations of all its participants; cultural education aimed at stimulating the need for creative expression may prove particularly helpful in this respect. New competencies will not be developed on the market itself. The key concepts in the process of their generation include “mindfulness”, “empathy”, “human focus”, “closeness”, “conversation”, and “cocreation”.

Imposing one's will on others at the university never solves any long-term problems; at best, it allows one to deal with some current issues. What is required is a process of organic change based on an unforced diffusion of various practices and models. The idea is not to create enclaves, but, on the contrary, to form an inclusive movement, open to those wishing to participate. Participation should be neither mandatory nor rejected in advance. The process should take the shape of an ascending spiral driven by creative energy. The spiral attracts, but at the same time it distributes the energy to various places. The energy is born from the coproduction, sharing, and, to some extent, exchange of resources. Never from appropriation. The spiral is a self-propelling human movement.

University independence

The key issue in thinking about the University-Idea is independence. The problem is that independence is not something that can be decreed. To some extent it can be granted by creating favorable conditions, and to some extent it must be acquired. Historical examples demonstrate that a significant part of the independence discussed here cannot be given at all because it is either present within us or not at all. It is embedded in how we think about ourselves and how we perceive ourselves. Of course, as a consequence, if this were to give strength to the university, it would be the strength of the individual, which, incidentally, is not a trivial thought, because the university must be founded on goalmaking individuals. All outstanding professors were once assistants. This means that their backs were not broken at the early stage of their academic career; on the contrary, their will to improve was reinforced.

And so we arrive at another aspect of this issue: academic independence is also about fostering the development of the young people who come to us either as students or assistants.

The most important, primary point of reference in the university space-time is the students. We rely on relationships with them, involving those who are willing in the process of coproducing academic values.

A university comprises both continuity and change. It has to be characterized by emergency, which cannot be programed – at most we can create appropriate conditions for its occurrence. And we consciously create these conditions by asking the students what they are interested in and what they wish to do instead of telling them what to do. We encourage them to be independent and active. We involve them and involve ourselves as academic teachers in doing things that go beyond the routine and the compulsory curriculum, things that are original and creative, even if only within the confines of a given environment.

The next piece of this jigsaw puzzle is the relationship between the university and the public authority. It is not as if the university can say to the public authority “give us money and leave us alone”, because no one will put up with such an attitude. The university must be open to the public authority as well. And every public authority will seek to interfere in the life of the university. This is inevitable to a certain extent, but the point is to establish adequate rules and limits of this intervention so that the autonomy and independence of the university is not compromised. But who is to set the boundaries for concessions and compromise? Here I see a role for those eminent scholars who are moral and intellectual authorities, recognized both inside and outside the university. People who are free to call the absurd “absurd” and this will not be fundamentally contested. And in this sense I believe that the university should remain a corporation of scholars. Not necessarily in terms of managing the university, but in terms of determining the academic idea and maintaining the university’s status as an institution with special social responsibility.

When we seek independence, we should manage to reflect on whether we are cultivating it internally, whether we are providing it with the right foundations. Who do we wish to be: free people, working at the university, voluntarily accepting responsibility and aware that our role involves supporting the development of others?

Another aspect of academic independence is the relationship between the time spent on creative thinking and activity and the time spent on academic bureaucracy. If being swamped with bureaucratic obligations prevents us from devoting most of our time to activities that are strictly related to teaching and research, then our work loses its meaning and we lose our independence. We must not accept this, because the university is wasting.

Universities and the economy

The world of the economy (or, more narrowly, business) and the world of universities have always intermingled, just as is the case with public administration and business. What is important for development is the nature of the relationship between these separate worlds and the character of their interdependence.

Some claim that, although we publicly discuss the advantages of humanistic education, the fact is that we are forced to prepare our students for the economic order; we may wish, we may even dream, but the reality is different. Before habitually adopting this thesis, it is worth considering how we understand the economy. Furthermore, if we are talking about the economic order, we should consider whether our goal is to prepare people to participate in some social system that we call the economy, to participate in something significantly narrower (i.e., the market), or perhaps – still narrower – to work for a particular employer. What I see as the goal is to prepare our students to be conscious participants of economic processes, to work and take responsibility for their work, but not to do particular jobs, because at present that is simply absurd.

It is a mistake to believe that we are to educate according to the needs of the labor market and in terms of the competencies required today. This is retrospective thinking. The goal of education should be to master the ability to generate new competencies and abilities. Creatively, not imitatively. That is why we need to combine teaching with research, including basic research. If companies are serious about cooperating, we must be able to convince them that what they need will soon be impossible to produce without undertaking joint research. It is not a question of commissioning studies, but of conducting them jointly and implementing their results together. Also in order to commercialize them, but the priority should be to create knowledge together.

I am not disagreeing with the postulate that education should develop professional competencies; however, in this day and age, this must be done in a completely different way – not in terms of a specific first job, but in terms of the ability to direct one's development. What I mean by this is not continuous learning or the fact that we are supposed to teach students how to learn, because these are clichés. The problem is that in today's digital economy the process of generating knowledge means that everyone is learning from everyone. And the trick lies in the ability to make this knowledge common and use it in such a way that it can be further multiplied.

Modern large companies have realized that mutual learning brings a competitive advantage. Now their motto is "from training to learning". That is why

they started to employ psychologists and philosophers, and not in marketing, but in personnel management. Some companies still focus on work comfort, e.g., they may allow their employees to play ping-pong for an hour to relax. But this does not help much, it does not overcome the emptiness, the alienation. The solution is to engage people in creative, team effort, but one that is directed in such a way that all employees feel that they are cocreators, that their contribution is recognized and appreciated, that they are needed, and that they are developing. Which means that they are not deprived of all the rights to the intellectual values that they coproduce, that they are not treated as employees, but coproducers.

We need a university that emphasizes relationality rather than transactionalism, and this should include interactions with business entities. We will not force the world to become relational, but we must put this approach forward for consideration. Some companies will reject it, believing that that they will get what they need (namely, students) without the cooperation of the academic staff; some cultural institutions and public authorities will reject it as well; but in the end many actors will accept it and become partners in the coproduction of values. And this will strengthen and serve each of the participants of this process. This is a key dimension of academic social responsibility.

The university cannot just be a vault of accumulated knowledge, its repository. It is also supposed to be its generator, one that primarily incorporates the generated knowledge into the open circuit and public domain – coproducing it and sharing.

Conclusion.

The social space-time of the university's development

The social space-time of the university cannot be closed, it cannot be homogenous, it cannot be contained in the here and now [see Gumbrecht 2003, p. 70–71]. It cannot be solely the domain of *chronos*, but should also make space for *aion* and *kairos*. An open social space-time favors the emergence of organizational multidimensionality. Without it, organizations cannot subjectify themselves and shape the trajectories of their development; they cannot define and realize their ideas. Without it, no university will become a University-Idea.

The ideal configuration of the academic space-time can be represented by the islands and archipelagos metaphor. Being an island allows us to maintain autonomy and individuality, but we do this in order to engage in beneficial

interdependencies. Being a part of an archipelago enables us to access various resources without appropriating or possessing them. An organically formed university department is then not only a project – it is a consciously chosen path, it becomes a developmental process. And there is one goal – to preserve the essence of the university, to become a UniversityIdea.

The world around us is undergoing rapid changes. We have entered into the era of another industrial revolution and digital economy. The digital economy is a knowledgebased economy. Its central issue is the generation of knowledge and learning, i.e., the commoning of knowledge. However, importantly, the process of learning in the conditions of the digital economy is changing completely: there is no longer a clear distinction between the teachers and the learners. It can be said with some exaggeration that everyone is now learning from everyone; this pertains especially to businesses. A modern company must be an organization of people learning from each other. But there will be no such companies if there are no universities capable of shaping and modifying their own ideas.

Research, generating knowledge, and learning are mutually reinforcing processes, and universities play a particularly important role in this respect. They must therefore form an important reference point for the development policy. Of course, this does not mean that they are to be reduced to the role of an instrument of such a policy and be subordinated to it. They constitute an indispensable and crucial but also autonomous and independent segment of the process of circular development in the knowledgebased economy. Their autonomy and self-reliance is essential so that the necessary intensification of their links with business and the market will not cause them to lose or relinquish these characteristics. The knowledge generated by universities cannot be commercialized wholesale but should become a component of the commons. Therefore, it is essential that universities (research academies) constitute an institutionally separate segment of the developmental spiral, so that they are capable of subjectivity.

If it is indeed true that the university has three missions: to promote science, to engage in social innovation, and to educate, then the latter must be considered to be the most capacious and should link the other two functions. In order to define it, it is first necessary to determine the role of the students at the university and the type of education they participate in. Obviously we are talking about higher education. This can be understood directly – as education that is higher, i.e., more advanced, than secondary education. However, this does not explain what it is supposed to be, what its components are, and what its course should be.

The simplest answer could be that it is supposed to be higher vocational education, certifying professional mastery by issuing master's degrees in a given field. But could this really be considered sufficient? This would be an obvious mistake, one that is made by all those who believe that the purpose of university education is to prepare the graduates for professional work. They reduce the qualifications that are to be obtained by the students to a sufficiently abundant body of knowledge and skills, in other words, to their instrumental, practical, and utilitarian dimension.

With such an approach to the core of university education – as Tadeusz Gadacz [2017a] has rightly emphasized – we reduce thinking to the activity of the intellect, to the instrumental dimension. Gadacz further states that this is definitely not enough, because thinking also involves reason. The intellect is neither good nor bad, just like the tools that it allows us to employ. It is reason that is the dimension of thinking which reveals itself and develops under the influence of conversation and willingness to understand others. It, therefore, subjectifies, just as intellect objectifies. It is reason that opens our minds to the existential and communal dimensions of life.

The intellect is just a tool. Counting requires the intellect, but it is not reasoning. Max Horkheimer [2011, p. 239] remarked that fact cannot be a measure of thought. And Otto Bollnow [1979b, p. 1211] states that the truth, as the message imparted by the university, concerns not only the speaking individual but also the community because of the responsibility towards it.

I see the formative dimension of education as both particularly important and neglected. When it does appear in university life, it comes in the form of activities meant to shape the students. But the essence of the matter is that the university should be a social space-time in which this shaping takes place continuously and organically as a result of voluntary relationships and their reinforcement based on partnership. This space-time gives rise to empathy, without which the intellect is prone to displace goodness. In order to express this clearly, Gadacz [2017a] recalls the remark by Max Horkheimer: “A judge without empathy means the death of justice” [Horkheimer 2011, p. 245].

University education must not focus solely on the professional dimension of life while overlooking its other aspects. We do not educate employees – we educate people and citizens, capable of personal development, subjectively determining the paths of their lives, not just able to perform specific professional activities. This means that a university is a social space-time in which individuals and the communities they create can develop in a variety of dimensions, including cognitive ability, emotional maturity, and motivation [see Jaštal 2015, p. 37].

Subordinating the university to the rule of direct utility can yield spectacular achievements in terms of research and its implementation. But this will be done at the cost of a progressing degradation of the university's cultural capital. It will be gradually professionalized, but it will cease to be, as Ernest Renan [2018, p. 103] wanted, a "den of free thought". And consequently, it will lose the ability to shape the intellectual elite of the society and the state.

Thus, this issue can be posed in the form of the following question: is the state to be reflected in the university system, or is the university system to be reflected in the shape of the state [Olkusz 2017]? A similar dilemma can be formulated with regard to the relationship between the university and the economy: should the economy and the market shape the formula of the university, or should the university influence the formula of economic activity? But it is not an either/or choice between mutually exclusive alternatives. It is also not a simple relationship of feedback, but a relationship that is dynamic and developmental. The state and the economy inevitably influence the functioning of the university, but if this influence leads to a hegemony of the utilitarian approach, the idea of the university fades. Developing his idea of the neo-humanistic university, Wilhelm von Humboldt stressed that the relationship between the state and the university cannot be perceived in the short term, and called for time to be counted differently for science than for everyday reality [Olkusz 2017, p. 176]. Gadacz summarized Jaspers's position as follows: "The university is therefore a place of tensions between the selfless search for truth and its utility, between spiritual freedom and bureaucracy, between the strengthening of the nation and the supranational, human mission" [Gadacz 2017b, p. 3].

In my opinion, solving these dilemmas requires the adoption of a certain definition of the idea of the university. Jaspers attempts to crown the university metaphysically – so that its mundane utility cannot prevail over its spirituality. For this he needed a timeless, eternal Idea and found its essence in truth: "Modern man remains intensely alive to the ancient wisdom that nothing except the discovery of truth gives meaning to our life (even though we lack final certainty as to what that meaning is and what it implies); that nothing is exempt from our desire for knowledge; and that, above all, life seeks to base itself upon thought. These age-old insights, irreducible to psychology and sociology, have attested man's higher origin" [Jaspers 1959, p. 16]. He acknowledges that ultimately we do not know what this truth is and where it leads to, but we have a sacred duty to seek it. And the institutional form of the university is to serve this purpose, it is to make this idea a reality. He concludes: "We love [the university] to the extent that it manages to incarnate its ideal" [p. 75]. The university's institutional form should be evaluated first

and foremost on whether the idea of the university remains alive within. Without the institutional form, the idea of the university cannot be realized, but at the same time, every institutional form limits it to a certain extent. Maintaining the vitality of the idea inevitably entails a modification of its form. And while subsequent institutional forms may expose the university to various deformations of its idea, its metaphysical reference will always eventually revive it. This makes the university not only an organizational construct but also an idea.

What suits me in this reasoning is that, through the idea of the university, Jaspers seeks to connect two worlds – spiritual and physical – and make them more coherent. This seems to me fundamentally important. However, my thought follows a different path. I wish to connect the university's transcendent and pragmatic reference, but for me the connecting factor is the process of producing values – existential and instrumental. The idea of the university is expressed – in my view – in the university-specific configuration of the production of these two types of values, as defined by the concept of the University-Idea. A university defined and functioning in this way is simultaneously an institution and an organization, combining the axionormative order with the operational order. And its development depends on whether its social space-time creates appropriate conditions for the personal and communal development of all its participants.

CHAPTER XII

GOVERNANCE AND ITS CONCEPTUAL FOUNDATIONS

Introduction. Governance and social change

The inclusion of the notion of governance (understood throughout this text as either cogovernance or comanagement depending on the context) into the social sciences (economics, political science, sociology, and law) is justified and convincing only if we reject the classical (Weberian) definition and concept of the state as the chief political organization that holds the exclusive right to use coercion in a given territory. According to this concept, the state is the culmination of a hierarchy, whose foundation is constituted by the citizens.

Governance undermines all the components of this approach to the state. The state is no longer a supreme organization that heads the hierarchy comprising the entire society; it holds no monopoly in the sphere of legal rulership and coercion; and it does not rule over a uniformly interpreted territory. It is one of many entities that possess the resources to exercise political rulership and remains strong as long as it is able to cooperate with other entities as well as employ means of legal and physical coercion to force such cooperation while at the same time sharing its power. It is no longer an omnipotent and monocentric organization in both conceptual and practical terms. Its rulership is limited – legally and actually – by decentralization and deconcentration of power. It also ceases to be a uniform organization – otherwise it could no longer be effective in fulfilling its assigned rulership.

Governance does not mean that nothing is the way it used to be. In particular, it does not imply that rulership, including political rulership, coercion, and hierarchy, are no longer present in the social reality. These components of the social order continue to exist, but they are no longer so

dominant and, more importantly, they are not concentrated in the hands of a single, central political organization – the state. They are dispersed, and their application depends more than ever on other components of this order, such as the functional diversity of public institutions, horizontal networks of coordinating collective action, institutionalized partnerships, and civic participation. In consequence, the modern social order encompasses the components of different orders, which enables various mechanisms of coordination to be activated. However, it becomes more heterarchical than hierarchical, but also much more comprehensive. This broadens the repertoire of the means and mechanisms of coordination, which can benefit various types of entities. However, the latter are becoming increasingly numerous, making authoritative rulership more difficult. Governance thus becomes inevitable.

This general social tendency is not a linear trend. It keeps breaking through successive institutional disturbances and crises. This process is influenced by many factors, related not only to politics, but also the economy, culture, and social activity. In each of the modern countries that maintain a democratic constitutional order, this trend is revealed in a specific way, depending, on the one hand, on the country's cultural heritage and, on the other, on its current position in the international (regional, continental, and global) community.

Therefore, it is one thing to systematically formulate the concept (theory) of governance – I believe this journey has just begun. But it is another thing, though equally important, to use this theory in practice to reform the public sphere of social life and modify its relations with the private and civic spheres. And I do not think we have even started on the right track in this respect.

Combining these two perspectives seems urgently important, especially now, at a time of global crisis of the market economy and the capitalist system. While striving to overcome this crisis, we must remain wary not to push our development astray, towards anti-market and totalitarian solutions.

Governance as the intellectual underpinning of anti-crisis measures has a crucial significance in this context. The concept of has the outstanding advantage of preventing anti-market and authoritarian deviation. Its adoption implies that we are seeking to solve real, concrete problems, rejecting in advance one-sided, top-down, authoritative, and total solutions. We unequivocally reject the temptation of social constructivism, the vision of a programed, planned, and deterministic social world. We consciously turn to action resulting from discourse, interaction, and collaboration involving many different subjects. We strive to address the problems of institutional coordination not with force or authoritative coercion, but by consistently seeking agreement and cooperating using not imperative but interactive methods.

By taking the concept of governance seriously, we naturally become activists and optimists. While rejecting the belief in an ideal and immutable social order that can be authoritatively established and prevented from eroding, we also disagree with the position of intellectual ironists who, aware of the successive failures of humanity's social systems, have lost the conviction that a better and satisfactory solution can be developed and believe that, faced with a selection of unsatisfactory and dysfunctional options, the best that we can do is to favor those choices that will make our eventual downfall less painful.

Opting for governance, we recognize that an ideal solution is not possible, so when we are dealing with current problems, we have to take into account that new problems will eventually emerge, requiring further corrective or remedial action. However, we assume that a better solution (offering greater opportunities for development) is possible, and we trust that we can implement it by working with others. Therefore, our intellectual and practical focus is on action and adaptation. And, in order to achieve our goal, we enter into discourse and cooperate with those whom we believe to be like-minded and heading in a similar direction. This means that we take responsibility for solving specific problems and want to share this responsibility with others, which is tantamount to governance. But governance is also a struggle of interests, not just moral community. At the same time, while rejecting determinism, we do not negate the possibility of forecasting and shaping the future. Social reality is not deterministic; it does not change mechanically and cannot be programed. It emerges contingently, which does not mean that the manner of its emergence is arbitrary or accidental. For any social situation, there are many ways in which it can resolve, but they are neither determined nor arbitrary. By acting, we influence which possibilities will come true and which new situation will emerge.

While sticking to the term "governance" to describe the process of consciously influencing the solution of specific social problems and directing the development of a given organization, I do not believe that we can, through governance, achieve certainty or shape the social reality according to our intentions. We always govern in conditions of uncertainty and unpredictability. That things will go according to our wishes can be at best somewhat probable – never certain. Therefore, it is more sensible to guide the changes than to aim to achieve some predetermined state. Each change creates a new situation that will require further adjustment on the part of those involved.

It is not possible to safeguard against all possible ways in which the current situation might change. This is simply unfeasible, either intellectually or practically. Therefore, when acting under changing conditions that will

eventually require us to make further adjustments, it is paramount to avoid depriving ourselves of our adaptive capacity to preserve our ability to react and to realign.

Can we therefore shape the social reality of today? Can we govern social change? My answer to these fundamental questions is: yes and no. It cannot be done in the engineering, Enlightenment, or modernist sense – even if such action results in change, it will also lead to many negative outcomes and, importantly, it will limit our ability to realign in the future. At the same time, I think that, as social scientists, we are not condemned to resort to stoic irony alone.

By rejecting the belief that we can create a perfect world, we can focus on making practical improvements to the one that really exists. How? Above all by observing the functioning of social systems and analyzing how their dysfunctions reveal themselves.

Dysfunctions and dilemmas of the social system

A dysfunction of a system is like a disease of the body. Undiagnosed and untreated in time, it leads to its permanent and irreversible degeneration. A dysfunction of the social system is, therefore, an observable manifestation of the degeneration occurring within some of its components. If left untreated, it will lead to a more serious pathology.

Every social system becomes dysfunctional, but this is a gradual process that initially goes unnoticed. The system continues to work but slowly loses its developmental power. Social systems, just like the human body, have a great capacity to accommodate. On the vegetative level, in their daily operation, they produce various makeshift solutions. This delays the collapse but does not prevent it. And eventually the system breaks down. Thus, it can be concluded that the “vegetative” component of the social system has a high level of tolerance and can accommodate to various dysfunctions to a significant extent. In order to prevent the collapse, the social system’s cognitive component must be activated in good time in order to recognize the accumulation of dysfunctions. This makes it possible to take corrective action and begin “treatment”.

The correct identification of systemic dysfunctions allows us to select corrective measures that are appropriate for a given case. Whether such a diagnosis is made early enough depends on the system’s capacity for self-reflection, which is derived from various types of soft capital, including intellectual capital and social knowledge. In turn, undertaking and carrying out corrective action requires various types of resources and measures, including the use of hard capital.

The practical problem is that the corrective measures must be tailored to the system and the identified dysfunctions. In the case of complex systems, this can be challenging. Corrective action always involves a number of dilemmas that have to be intellectually resolved at the same time, even though the resulting corrective action may be sequential.

A dilemma is a serious problem that is approached systemically. Resolving it consists in choosing between different courses of action. Generally, these alternatives are not exclusive and do not take the form of either/or choices; still, they must be employed in the right proportion or in accordance with some overriding rule. The solution to the dilemma is to set out an appropriate course of action that leads between predefined extremes. Interpreting a situation as a dilemma is particularly helpful when different visions for modifying the system arise, reflecting a clash of values, principles, or important interests.

Only an orderly resolution of all key dilemmas opens up the path of thoughtful and strategic actions. These actions then become necessary in a twofold sense. Firstly, they must be taken because otherwise the system will cease to function, resulting in systemic collapse. Secondly, after the key dilemmas are resolved, the actions to be taken become obvious – they are not the only possibilities, but the best possible ones.

The necessity of such actions does not result from external coercion. They are not imposed from above. They are conceived and anticipatory in the sense that they are undertaken before the system finally collapses and decomposes. They are oriented towards the future, but stem from the experience and evaluation of the present. They are an expression of subjectivity, autonomy, and choice. They are neither random nor determined – they are contingent and subjectively necessary, but not objectively determined. Contingency pertains to both the actions and their consequences. There is nothing particularly dangerous about this as long as we remain able to evaluate the consequences and undertake additional corrective action.

The triad: dysfunctions – dilemmas – actions is the methodological platform of governance. Each of the steps of this sequence requires cothinking and coacting. They become possible when the key stakeholders of a given system are at least minimally united by axiological community and co-responsibility.

Of particular importance is the second phase of the triad – the resolution of dilemmas. It cannot result only from observing the functioning of the system and diagnosing the dysfunction. Here we must refer to some set of values and rules – a normative order that enables us to assess the extent to which the available options are compatible with the axiological constitution of the system (organization) and ensure that they do not lead to the system's destruction. Of course, reflection in this phase of cooperation may lead us to revise some of

the system's constitutive elements or even rejects its constitution as such, which would essentially entail the formation of an alternative system. Nevertheless, reflection is indispensable if we wish to avoid unintentional deconstruction.

Resolving dilemmas is inherently discursive; as it requires reference to values and rules, interpreting the latter becomes inevitable. This is because norms cannot determine their own application, as demonstrated decades ago by Ludwig Wittgenstein [1972].

The rules of governance

In the proposed approach, a systemic change does not result from respecting some universal logic of governance, from applying a certain doctrine – it reflects the influence of many subjects engaging in various interactions. It is not a consequence of a historical necessity or a deliberate “master plan”, but a resultant of many actions and interactions that can be controlled to a limited extent. There is much more situational specificity and context than universal tendency in such a change.

A similar take on the social world and social change can be found in Mark Bevir's “Decentered Theory of Governance” [2002]. Referring to the concept of governance, he claims, among other things, that governance today takes place through statedependent organizations that form semi-autonomous, self-organizing, and selfgoverning networks. This means that the ability to centrally steer and control public services is permanently limited [Bevir 2002]. At the same time, governance is a continuous process of interpretation, conflict, and action, which continuously leads to modifications of the governance patterns. Dilemmas, traditions, and political context play an important role in this process. Inevitably, there is constant contradiction between the systemic weaknesses and causes of failed actions diagnosed on a current basis and beliefs, which forces the revision of both the accepted diagnoses and beliefs.

Periodically this results in fundamental changes in the doctrine of governance. However, these are not spontaneous, and they always accompany the adoption of new economic doctrines. There is constant correspondence between the formula of governance in business and in politics. These two spheres of human activity are closely intertwined, so it cannot come as a surprise that the shift in the economic paradigm from Keynesian to neoliberal is accompanied by the adoption and implementation of the concept of the new public management, which assumes that the state and the hierarchy have failed, and that the activities of the public administration should marketized [Bevir 2002].

With the growing criticism of neoliberalism, blamed for causing the global crisis, the new public management is falling out of favor, and returning to Weberism is becoming fashionable. However, supporters of this orientation often forget that Weberism also grew in connection with economic concepts, especially Frederic W. Taylor's concept of "scientific management". In accordance with its principles, the production process was organized in the form of a production line and divided into simple activities performed by specialized workers. It was these economic models that inspired the concept of the bureaucratic, Weberian model of public administration.

These two examples wherein formulas of governance adopted in the economy permeated the sphere of politics should make it clear that no pattern of governance is definitive. Each will fail over time, and each will be modified as the economic paradigm and the dominant economic imaginary shifts. The problem of the present era is that we are living in a "post" period, in which the old no longer works well, but the new has not yet emerged clearly. And it will not emerge from a return to the past. At most, NeoWeberism can be one of the intellectual currents feeding the formation of another way of governing. However, it does not seem that this could mean a departure from governance. Rather, it will lead to the theoretical clarification and practical crystallization of this concept – to a synthesis.

One of the reasons why this is necessary is that different, sometimes opposing approaches can be found within the concept of governance. Walter Kickert, Erik-Hans Klijn, and Joop Koppenjan [1997, after: Bevir 2002] distinguished three such approaches: the instrumental, the interactive, and the institutional. The instrumental approach treats the management of the governing process as a top-down construct: its exponents recognize the existence of new limitations on the state's ability to steer markets and networks, but continue to opt for doing so with the use of fairly traditional strategies – the state can still invent and use appropriate tools to integrate new patterns of governing and achieve its goals.

The interactive approach focuses on organizations that pursue common goals and strategies through a process of mutual learning. The advocates of this approach argue that the state should, through negotiation and diplomacy, promote trust and mutual understanding within the network.

The institutional approach focuses on the formal and informal laws and rules governing the functioning of operational structures. The supporters of this concept argue that the state should focus on changing the relationships between actors, the distribution of resources, and the rules of the game.

Considering these three approaches in juxtaposition immediately raises the question whether they are opposing or complementary. Their essence

lies in the premise that the modern state is to govern by means of networks to a greater extent than through laws. In the first approach, the state uses the networks instrumentally without becoming a participant. In the second, the state participates in the network and interacts with the other participants. In the third, the state adopts solutions that lead to the formation of networks and relationships between their participants and even to the formation of specific networks (e.g., self-governing economic organizations).

These types of actions do not seem to be necessarily mutually exclusive. They may coexist, though obviously in different areas of the state's activity and in different proportions. Employing them is thus always associated with the need to resolve the dilemma: how much of what and what for. And as is the case with any dilemma, the resolution depends both on the diagnosis of the situation – the recognition of the problems we are dealing with – and on the adopted axiological order.

Coming back to Bevir's "decentered theory of governance", I note his observation that some forms of governance, based on markets and networks, cause particular problems with political control and accountability [Bevir 2002]. It can be considered that they can enable those in power to escape responsibility and pass it onto other, nonpolitical actors or impersonal mechanisms (e.g., financial markets). This is a serious threat and a potential weakness of "governance" that may lead to ungovernability. Therefore, ensuring adequate accountability is an important requirement for the effectiveness of governance. Bevir refers in particular to ethical conduct in the public sphere [p. 97]. This is an important point, but the question remains where this ethic should come from, and how to actually ensure that those in power are held accountable for the consequences of their actions or inaction.

The proper orientation of this requirement of effective governance was discussed by Claus Offe [1998]. He strongly emphasizes that the issue of governmental accountability does not boil down to the proper mode of strategic communication with the environment, including the citizens, but is essentially about the proper constitution and shaping of the institutional order, which both determines the transition from monocentric and imperative government to interactive governance and is its manifestation.

Interactive governance implies an "actor-centered" approach to social reality, especially in the political sphere. This approach – known as "actor-centered institutionalism" – is embraced by researchers associated with the Max Planck Institute for the Study of Societies in Cologne. One representative of this school is Renate Mayntz, who points out [Mayntz 2008, p. 146] that by adopting the concept of governance, we attempt to grasp not only the influence from above (top-down), but also from below (bottom-up), thus

putting emphasis on interdependence – interaction. Its course depends on the structural features of the fields in which this interaction occurs. There is no simple pattern here. The result of the interaction depends on the types of the participating actors and the structure of the field in which takes place. The actors themselves are not defined in advanced, nor is this definition obvious. What matters is not only their organizational and legal form, but also their identity (self-identification), their ability to act autonomously (subjectivity), and the resources at their disposal. These factors determine their responsiveness to the influence of other actors.

Thus, if we consider governance to be a specific mode of government (or management – depending on the context) and thus a specific formula of public intervention, then the effectiveness of this intervention is not so much dependent on its form as on with whom and in what field (institutional setup) we enter into interaction and interdependence when launching the intervention. The choice is not limited to whether we launch the public intervention or to its timing – it is also significant who it is addressed to and in what field. It is also important whether or not it is meant to comply with the formula of governance because in some situations it may perhaps be better to use unilateral authority or to let the situation run its course, leaving it up to other actors, and only observe the situation. Economic policy also includes conjunctural policy, but not every economic conjuncture justifies intervention, and not every intervention must entail consciously engaging in interaction. At the same time, every authoritative intervention requires the activation of control and enforcement instruments, which is costly, often ineffective, and does not necessarily lead to solving the problem.

Governance in the presented approach by definition implies governing (or managing) in a relational and interactive manner. However, it does not itself indicate the nature of the relationships that the entity exercising public authority is to enter. This depends on its jurisdiction and the conditions in which it operates. What is certain is that it must allow other entities with which it wishes to cogovern or comanage to retain selforganization and autonomy. In the case of co-governing, it must allow or even conduct a decentralization or deconcentration of public authority. Only this allows it to engage in appropriate interactions.

The institutional condition for the Enlightenment to enter modernity was the undermining of the formula of the absolute state and the division of state powers. The process of power division then proceeded systematically, and, consequently, contemporary states operate in a system of strong functional differentiation – power is divided among specialized structures. It has been dispersed; a significant part of it lost its strictly political character and became

public – therefore, it should not be subordinated to the will of political parties and should remain independent from the entities vying for political power.

This has serious consequences. Subsequent degrees of functional differentiation increase the degree of intrasystemic interdependence. In order to be able to cope with such complexity, the individual subsystems of public authority try to ignore those manifestations of their environment's functioning that are not essential for their ability to maintain their own integrity and identity [Dunsire 1996]. This makes the task of coordinating the activities of the numerous subsystems of public authority even more difficult.

One of the possible formulas of governance is for the bodies of public (or more narrowly – political) authority to support the position of some actors (stakeholders) in order to weaken the position of others. Andrew Dunsire described this instrument of political influence as “collibration” or “colibration”, recognizing its utility in attempts to restore political equilibrium, and defines it in the following way: “When weights placed in one pan of a letter balance begin to equal the weight of a letter in the other, the scales librate, oscillating gently around the horizontal. Co-libration means taking a part in this process, introducing a bias or compensation into such a field so that it arrives at a steady state when otherwise it might not” [Dunsire 1996, p. 319]. He clearly emphasizes that the justification for using collibration lies in ensuring the social system's stability, and that this type of intervention is not appropriate for achieving certain programmed (developmental) objectives.

This method is often used in practice to shape the balance between employers and employees, i.e., in the sphere of labor relations. Collibration results from the accurate assumption that social conflicts are inevitable and do not have to lead to disintegration if they are kept in check, within certain limits. On the contrary, internal conflicts can bind a society together if their parties are practically forced to selflimit and mediate. It is better to impose selfrestraint and mutual control on relationally oriented actors by indirect means than to impose decisions and deprive the actors of autonomy through direct coercion. Dunsire describes the essence of collibration when he uses the metaphor of mastsheads on a sailing ship, “moving in all directions in response to forces acting on the ship, but stayed by their rigging against destructive movement in any direction so long as the rigging holds” [1996, p. 306].

For me, collibration is an example of indirect intervention, also in the sense that it does not require engaging in discourse and negotiations with other actors but assumes the existence of such relationships between them. It is, therefore, an action that can be unilaterally authoritative and impose a certain institutional solution, but it also implies some form of joint management and cooperation between the other actors.

The limited effectiveness of direct authoritative action is also due to the fact that, in a country governed by rule of law, any intervention must have a legal basis (which is subject to constitutional control) and must be conducted within the boundaries of the law. Therefore, almost every intervention will require and consist in changing the law. And contemporary law does not work directly because it has no individual addressee. It must concern a certain category of legal persons.

Therefore, changing legislation is only the beginning of an effective intervention – an incentive to create circumstances for other actors to adapt. And this usually does not happen quickly or exactly as intended by the legislator. Adapting to the modified legal order always involves interpreting the new rules – a process that is gradual and never definitive. The nature of modern law is reflective, and its establishment and execution should be heuristic.

Social systems must be supplied by two kinds of power – material and reflective (intellectual). To obtain material power, they must be open to other systems to enable the exchange of resources. Reflective power can only be achieved through a relative self-closure, a self-reference, an identity-related reflection of a given system. Otherwise the system cannot behave subjectively and is not able to adapt and change. I emphasize strongly that the said closure is only relative, not absolute. And that social systems, in order to develop, must overcome it in order to be able to communicate with other systems and engage in discursive relations with them in a common space of axiology and interpretation. Self-reflection is mirrored – it is a reflection of oneself, but in the case of subjectivity it must also lead to breaking through the looking glass to perceive oneself from a different perspective that results from communicative (discursive) relationships with other subjects. Each subject must simultaneously cope with two problems: 1) other actors' self-referentiality; 2) their own self-referentiality [Dunsire 1996, p. 55]. Governance undoubtedly favors this by its very nature; it is a formula that works well in highly complex social systems. And dealing with their complexity is possible only with the power of reflection.

Subjectivity and governance

Explaining systemic development (evolution) is crucial to understand social space, the space of social interaction, and especially the way it is created and constituted. Subjectivity can only be attributed to actors who have this capacity – to cocreate and constitute social space-time. Referring subjectivity to a specific social space-time, e.g., the market, allows us to grasp that subjectivity has a relational nature. It does not result from being closed off and self-focused,

but from being open and interdependent. While subjects are to some extent autonomous and self-referential, they must also be capable of engaging in interactions, transcending their monadic nature and going into the social and co-shaped space so that they may coproduce the context of their activity and, thus, adapt and change. In order to achieve their goals, subjects do not have to (and cannot) limit themselves only to authoritative actions – hard and based on coercion. They must also use nonauthoritative, soft actions, based on dialogue and persuasion.

This approach provides social systems with flexibility and the ability to transform in an evolutionary fashion. It also explains the rigidity and the inability to adapt and develop exhibited by hierarchical systems which consequently makes them bound to break down. Hierarchies doubtlessly make it easier to maintain the stability of a system, but they also hinder its transformation. And now, in a social world where changes are happening faster than ever and are inevitable, this is becoming their fundamental flaw.

One significant weakness of the modern political systems is the unsatisfactorily low level of responsibility exhibited by governments towards the citizens. This makes these systems lose their democratic quality. One of the components of the concept of governance is co-responsibility as a manifestation of the division of power. Governance allows the political mechanism to be embedded with responsiveness, which is impossible without interactivity in a situation where one subject reigns supreme. This also applies to other, non-political spheres of social life, such as economic governance (comanagement).

Another feature and requirement of governance, which is incidentally difficult to fulfill in practice, is the necessity of innovation based on adequate social knowledge. Governance cannot be routine or be turned into a routine. It is an interactive process, and its participants must engage in continuous discourse and be powered by reflection. It is simply unfeasible to establish permanent, immutable rules of the game and just enforce compliance. In this case, certain rules must also be periodically verified and modified (renewed).

The challenge lies in that this model of governing assumes that the public authorities must, on the one hand, play the role of participants (or sometimes arbiters) of the game, but, on the other hand, they have to lay down and modify the rules in a way that does not lead to a return of hierarchy and hegemony – to a model of governing wherein the society as a whole can be controlled by a single central authority. And this temptation always appears with every reformulation of rules, which is ultimately inevitable. It may also arise because it is not possible to completely eliminate authoritative and hierarchical elements from the state's activity, at least not in those extraordinary circumstances in which the state's stability is threatened from within or without. As often stressed by Bob Jessop [1997, 2004, 2020], governance takes place “in the shadow of hierarchy”.

Wicked problems

The concept of governance has been presented and is being developed in the context of failures related to economic planning, but also to the planning of urban development. An excellent article on this subject (published in 1973) was written by Horst W.J. Rittel and Melvin M. Webber [1973]. Commenting on past experiences, including their own, related to urban planning failures, they came to the conclusion that these can be basically attributed to the fact that traditional planning falls short when faced with wicked problems – and the problems associated with the development of modern cities, with their extensive infrastructure and diverse social structure, generally fall into this category.

What has been effective with relatively simple problems, occurring in uncomplicated systems, is no longer sufficient for problems afflicting composite – complex systems. In such scenarios, engineering and imperative approaches referring to the natural sciences prove to be inadequate. Complex systems, or “interacting open systems” [Rittel, Webber 1973, p. 156], operate non-linearly, their causality is ambiguous and irregular, and the boundaries of their space-time are blurred. Therefore, using schematic and universal solutions to tackle them is bound to result in failure.

Moreover, in systems like these (with a diverse social structure), it is difficult to define the criteria for success, as the various actors they encompass refer to different values. Their problems have no final solution. In fact, they are ultimately unsolvable, both objectively (due to their illdefined and looping nature) and subjectively (each solution is and will be challenged). A given problem can only be assumed to be solved to a relatively satisfactory degree at a given moment, but it continues to exist and will require taking further measures that cannot be planned and predicted in advance. There will still be work to be done. Therefore, complex systems require more freedom of action and adjustment than simple systems. It is not a matter of pooling all resources in the hands a single entity, but of being able to draw on them when needed even though they are administered by different autonomous actors.

The concept of wicked problems is key in Rittel and Webber’s approach. They are described by them as follows: 1) there is no definite formulation of a wicked problem; 2) wicked problems have no stopping rule – there are no criteria that tell when *the* or *a* solution has been found to the wicked problem; 3) solutions to wicked problems are not true-or-false, but good-or-bad; 4) whatever is solved cannot be considered to be solved definitively; 5) no solution, whether good or bad, can be generalized; 6) in fact, there is no enumerable set of potential solutions or measures to implement them; 7) every wicked problem is unique; 8) every wicked problem can be considered to be a symptom of another problem; 9) wicked problems are open to many

interpretations, and the way we perceive them determines what actions we take to solve them; and 10) the planner has no right to be wrong [Rittel, Webber 1973, pp. 161–167].

The problems of today are becoming increasingly wicked as a result of the internationalization and globalization of urban and regional development, which itself is an expression of the blurred nature of the spatiotemporal boundaries of cities and regions. It is no longer just a matter of referring urban development to a national (or possibly transborder) context, as it was in the previous industrial age. Today these external references are much more complicated. In the digital civilization, big cities have become nodes of global and continental networks of flow for goods and social relations.

However, this problem also affects – at least in part – other social structures. As a consequence, modifying (reforming) them by adopting a factorial approach and focusing on defining the expected outcomes is no longer effective. Even if such targeted actions can bring some improvements to the system's functionality, they are powerless to stop its broader dysfunctionality. A processoriented approach becomes necessary, concentrating actions not on triggering individual factors of change, but on creating new mechanisms for adjustment. The aim of corrective actions becomes not to achieve some predetermined, measurable effect, but to push the system out of the current rut onto a new track – a different developmental trajectory. When using this approach, success cannot be evaluated directly or with a single measure. It can only be gaged using a set of auxiliary indicators showing whether the system is working better than before and whether it has gained greater adaptability.

Such an approach means that the decision makers adopt an attitude of humility towards the social world, recognizing that the target state cannot be reached, and there is no perfect world, but neither is any of its forms the best of possibilities. The social world has to change in order to last, so we must try to modify and repair it. This work never ends, but it is sensible. The world is not perfectly malleable or “makeable”, but neither are we condemned to resign ourselves to what is, comforted by naught but naive faith in some other un-earthly ideal [Rittel, Webber 1973, p. 158]. As social scientists, we do not have to settle for the ironic belief that whatever we do it will not be good enough. Even if things are not going to be excellent (as in: “almost perfect”) but only perhaps a little better, such an improvement is still worth striving for and offers meaning and satisfaction.

In practice, adopting this attitude means that we concentrate our efforts on the process of adjustment and development, not on the outcome of action as such (which does not mean that the latter it is not important). The concept of “process” here is not synonymous with a predetermined procedure. It is not

about the algorithmization and standardization of behavior. On the contrary. In the case of interacting open systems, the operational goals – the focus on outcomes and products – must be derived from a more general purpose: from an axiology, a set of values and principles. Before moving on to instrumental considerations (“how?”), we must ask ourselves “what for?”, establishing the purpose of our actions, our overriding concern, in order to determine which operating methods are acceptable and which are to be rejected. As a result, we think not about the instruments themselves, but about the mechanisms, trying to assess *ex post* whether they really enable the achievement of our partial objectives and ensure that they do not lead to the pathologization of the system (its permanent and irreversible dysfunctionalization).

Intellectually, we then operate in two orders: the praxeological order of what is possible (instrumental) and the axiological order of what is proper (existential). Although combining them is difficult, it is feasible – but only by transcending the limits of selfreference, entering into discourse, and communicating with other actors. This gives us the ability to be at once participants and observers. This means that we make the system in which we operate open and interactive, thus deepening the complexity of the social world. We enter the path of governance, and, as a result, “co-management” gradually becomes the core of our activity and our dominant strategy.

Rittel and Webber rightly point out that this operating model is associated with a different approach to knowledge. In the case of simple systems, the definition of a problem is derived from the collection of available information. The next step is to design an appropriate solution. In the case of wicked problems, however, this procedure is inadequate. Here, identifying the problem proves to be the same as identifying of its solution. “The problem can’t be defined until the solution has been found” [Rittel, Webber 1973, p. 161]. Therefore, the problem can be defined in many ways, but none of them are either complete or definitive. The problem is (re)defined constantly as action is taken. The principle of *ceteris paribus* does not work here. The action taken under given circumstances alters the situation, and there is no return to the initial state. In this sense, the action is a constant escape forward. And, with the knowledge that there is no return, this forward direction must be constantly redefined. Only when we wish to establish it (or agree on it) can we look for the information we need. Without knowing where we are going, we operate in an informational chaos. It is impossible to understand the problem first in order to then solve it: we must begin solving it in order to understand it [Rittel, Webber 1973, p. 161].

In this case, understanding is a function of cooperation and discourse between various actors, each equipped with their own knowledge and part of

the resources. Therefore, understanding comes from the sharing of knowledge, while the solution – from sharing resources, risks, and responsibilities. Launching this process of action and cognition creates an opportunity to attenuate the wickedness of the problem and enables autonomous actors to take coordinated action.

A wicked problem is ultimately impossible to solve. However, we can disentangle it together and take effective, albeit selective, fragmentary actions that can yield measurable and lasting effects. It is, therefore, possible to pinpoint simple problems within the larger wicked problem, but solving them – despite the logic of instrumental action – does not cover the entirety of the wicked problem and is not tantamount to solving the latter. Incremental actions (fragmentary and gradual) are of course useful and can be effective, but only provided that they constitute a coherent fragment of a broader approach to problem and form a part of a broader set of actions. Furthermore, their implementation must not drag on for too long, because reality will not wait. Circumstances continue to change – what is appropriate in a given phase of development can become inapplicable when the next phase begins.

When facing wicked problems, it is particularly challenging to grasp them on a sufficient level of generalization, to properly isolate them from the context. On the one hand, excessive generalization precludes concerted – deliberate and concordant – action. Grasping and solving too much at once is unfeasible. On the other hand, excessive simplification, approaching the problem too narrowly, is also a mistake. While it does make taking action easier, it fails to offer any meaningful results. Over time, the hollowness of such actions becomes will become clear.

Tackling wicked problems (and most problems facing the public authorities are currently wicked) is tantamount to introducing an irreversible change. Any attempt to solve such a problem is important because it creates a new situation. Actions of this kind cannot, therefore, be oriented towards restoring some previously lost balance; their point is not to maintain some equilibrium, but to direct change that is inevitable anyway. Still, by being the ones driving the change, we can take appropriate measures to ensure that the new solution will prevent extreme imbalances.

Each wicked problem is unique and has its own distinct characteristics. Solutions applied under certain circumstances cannot be simply copied or transferred to deal with another problem. Admittedly, the accumulated knowledge and experience, including that obtained from external sources, can prove very useful, but any solution must be creative and original to be effective.

The quoted authors, both experienced urban planners, conclude their remarkably inspiring article on a pessimistic note: “We have neither a theory

that can locate societal goodness, nor one that might dispel wickedness, nor one that might resolve the problems of equity that rising pluralism is provoking. We are inclined to think that these theoretic dilemmas may be the most wicked conditions that confront us" [Rittel, Webber 1973, p. 169].

Forty years have passed since the publication of this text, and yet this final warning seems to still be valid. By no means does that imply that the social sciences are utterly powerless in formulating concepts that facilitate the definition of the common good. But in order for them to be useful, the theory of values should be addressed by each of them individually and all of them together. This, however, requires the recognition of the fact that social sciences are not and cannot be exact sciences. They cannot evade normativity and the resulting responsibility.

The state and the production sphere

Various forms of governance (cogovernance, comanagement) appear primarily in situations of crisis, when the known and hitherto applied methods of crisis management fall short. When faced by such a challenge, those in power generally resort to imperative action, including coercion. However, if this fails, they are forced to engage in interaction with other actors. And the object of this cooperation is to overcome the crisis by modifying the rules and launching new types of action. To put it in other words, when there is no turning back, the only route of escape is forward, which is tantamount to making a systemic change.

Such a change leads to the subjectification of certain actors who become participants of governance. This entails the gradual emergence of a public policy space, which includes many different actors and not just the government in its traditional definition. Claus Offe discusses this process of evolution of the capitalist state in his works. Here I would like to refer in particular to the article "The Theory of the Capitalist State and the Problem of Policy Formation" [Offe 1975]. Offe stresses that regardless of the form of government, the operation of the state in the capitalist system is characterized by structural selectivity: it must ensure the stability of capital accumulation [Offe 1975]. To this end, the state undertakes measures of allocation (redistribution), which pertain not only to those resources and goods that it does not produce itself, but also to those that it takes over. This relieves the state from the necessity to carry out extensive production activities in order to be able to ensure the required stability of the system and social cohesion.

If the process of taking over resources produced by others is not too costly or politically burdensome, the state may limit its production activities.

However, if it is forced to or decides to expand of the scope of its production activities, then its position and role as an arbitrator weakens, and it becomes an economic actor that cares not only for their political but also economic interests. In general, however, this weakens the dynamism, efficiency, and innovativeness of the market economy, as it limits the opportunities for initiative and economic freedom [see Kornai 2014].

Notwithstanding, Offe rightly emphasizes that the state not only can carry out economic activities and produce economic services and goods, but can also “produce” public services, which determine the effectiveness of private economic activity. This is readily exemplified by education, health care, or culture. In these and similar areas, the state cannot confine itself to regulating and allocating. Engaging in such clearly pro-developmental production activities is particularly well-served by the practice of governance, as the state itself is unable cope with production in these areas – it requires other autonomous actors from the civic or private sphere. Even in those case where these activities are carried out by public organizations, their management is decentralized and entrusted to units of local government. What has traditionally been the domain of the state is becoming public and managed by numerous scattered decisionmaking centers and autonomous actors. Coordinating their activities is a necessity that cannot be achieved by methods that are strictly administrative – bureaucratic in the Weberian sense. This does not mean that they have become completely obsolete, but they work much better with regard to allocation than production [Offe 1975].

Provided that they are carried out efficiently, routine, bureaucratic, and authoritative actions are relatively cheap and effective when the goal is to ensure stability, repeatability, and balance. But when it comes to change and development, such methods prove inadequate and should be replaced by governance. Offe puts it this way: “the administration of productive state activities requires more than the routinized allocation of state resources like money and justice” [Offe 1975, p. 136].

Moreover, when launching production activities – which requires the state to obtain additional external resources – the criteria for their validity are not as clear as in the case of stabilizing and standardized operations. This always raises questions concerning the purpose and effectiveness of such actions. The state cannot define these developmental goals and the criteria for evaluating their implementation on its own. For this it needs independent partners in the relevant field of activity. Otherwise, these supposedly developmental actions will only serve to maintain power, not promote development. Without governance, they may cause adverse side effects, and, if they are not corrected in time, they may lead to stagnation instead. The circumstances of the state’s

production activities will rarely be characterized by 1) clear-cut, uncontroversial and operational goals; 2) stability of the environment; 3) short production cycle; 4) ignorable externalities; 5) no fiscal constraints [Offe 1975, p. 139]. And only this would make the purposive-rational, Weberian mode of operation appropriate for these activities.

The situation is usually different. The problems confronting the state usually cannot be thus simplified. Therefore, the state's production activities must be carefully considered and limited in scope. They will always trigger some tensions and conflicts, and obtaining consensus is absorbing, if at all possible. Excessive activity of the state with regard to production and development leads to overloading its agenda, triggers unfulfillable expectations and needs, and results in social chaos and disappointment. However, such activities cannot be avoided completely in the present day and age.

The question of the relationship between economic objects and the regulatory impact exerted upon them constitutes a significant theoretical problem. It seems that collective economic activity, even in its most primitive form, is always somehow regulated and thus – socially embedded. Originally, such regulation was not public in character and had no state sanction, yet it existed in the form of the norms and customs that shaped the roles of those participating in economic activity. It is also worth noting that the state – which is inevitably an economic entity, if only because it collects taxes and incurs expenses – is simultaneously a subject and an object of economic regulation. This is yet another indication that the boundaries between the subsystems of social formation are neither obvious nor rigid. A lasting equilibrium between the various functions of the modern state cannot be maintained. However, I believe that it is possible to avoid excessive functional imbalances. As long as the state is able to employ different modes of triggering action, including the mode of governance, and is capable of strategic reflection that can indicate which mode is appropriate in a given situation – the mode of governance should be applied and strengthened.

Modes of the state's operation

For a democratic state operating in the market economy, there is no universal mode of action. It should be prepared to employ different modes, depending on the general circumstances and on the problems it encounters and needs to confront. It should also be capable of discovering new modes and shaping the relationships between the actions taken in accordance with the modes already known. However, this requires a sufficiently high level of reflection and strategic imagination.

It would be an intellectual mistake to consider any one mode of operation to be uniquely appropriate for a particular country or to assume that, at present, one of the available modes is singularly more effective than others. Rather, there is an increase in the number of options in this regard, which is accompanied by a relative decrease in the ability to employ and combine them in a cohesive fashion. And this is what gives rise to the fairly common perception that governing has become weak and unwieldy, or perhaps even that we are dealing with ungovernability. There is, therefore, no point in reforming the state in a way that boils down to proclaiming one of the possible modes as ultimately superior and practically negating the others. Nor is there any justification for allowing some particular decision-maker to use these modes arbitrarily at their own discretion. Appropriate state reform must include the determination of which modes can and cannot be employed in a particular state; it must also involve the development of the lacking ability and institutional capacity to switch between the modes in an orderly fashion, depending on the changing circumstances and the strategic agenda of the state's core.

It is not possible to reach a point of perfect systemic equilibrium in any modern state. Governance consists in balancing and tacking the state like a sailing boat, so that it may sail swiftly enough towards its current port of destination despite the changing and unpredictable weather conditions.

One of the pioneers of the concept of governance is Helmut Willke, who provided its outline in his classic work *Entzauberung des Staates. Überlegungen zu einer gesellschaftlichen Steuerungstheorie*, first published in 1983 (I will discuss it based on Willke 1986). Two essential conclusions can be drawn from the author's fundamental argument. The first is that the state can no longer be seen as a sovereign subject of power, situated outside and above society, whose duty is to maintain the social order and who at the same time has the power to fulfil this duty. The second is that, even though fully sovereign state authority is not possible, this does mean that the development of modern societies cannot be steered. According to Willke this is achievable through "decentralized context-steering" (*dezentrierte Kontextsteuerung*), i.e., a reflective process in which and through which functionally separate systems are steered indirectly by changes in their environment and by the use of codes and programs specific to each of these systems. A good example would be an economic policy that shapes the conditions for entrepreneurship rather than giving instructions to entrepreneurs [Jessop 2007, p. 125].

According to Willke [1986], the functioning of the state underwent a fundamental change with the formation of the welfare state. The state entered the sphere of social activity, negating the separation of the state and

society. The state no longer remains outside society and does not act only over the heads of its citizens. Consequently, the state faces the following contradicting expectations “to represent the hierarchical top of society in order to be able to direct and govern society; and at the same time to abdicate authoritative decision making in order not to interfere with the autonomy and self-organization of society” [Willke 1986, p. 455]. This is what becomes the source of the “tragedy of the state” that Willke describes, likening the state to a protagonist of some ancient tragedy whose spectators witness the “incomprehensible fact that effects somehow creep back to their causes, creating a situation which is beyond the control of humans and thus calls for the intervention of the Gods” [Willke 1986, p. 456]. The more advanced this drama, the more it must develop. The authority’s reference, embedded in the transcendental in the Middle Ages and then in authority itself during the Enlightenment, must in time become embedded in the society. At the same time, the authority cannot stop being the authority.

This default social embedding of state authority refers to the concept of the rational man/citizen. In the nineteenth century, it was the burgher/citizen that became the point of reference and the measure of perfection. At the same time the industrial and social revolution was taking place. Gradually, the masses became citizens in increasingly diverse and dynamic societies. The traditional feudal and early capitalist forms of maintaining social balance were broken down, and it became necessary to create new ones. This is where the concept of the welfare state came in, no longer aimed at maintaining rigid forms of structuring the society and ensuring stability, but at providing the necessary level of social cohesion without which the capitalist market economy could not function and grow.

The problem is that a society is not a subject and cannot be subjectified as a whole. It consists of individuals and groups with various interests and aspirations. Embedding the state in civil society does not ensure balance. The scales are constantly tipping. The new solution does not work and a return to the old one is no longer possible. A state that has begun to share power must continue to share it constantly.

This raises two important questions: 1) How are collective actions to be coordinated in the face of deep functional and social diversity?; and 2) How is the necessary level of stability to be ensured in a social system that is dynamic and constantly evolving?

The state and politics

Presenting the relations between the state, the economy, and society is crucial to describe the social reality. To say that these relations are determined by “politics” is, however, a simplification unless the description includes the specific way in which “politics” emanates from the state, the economy, and the society – unless it shows the way politics is constituted and created – what it is. According to Antonio Gramsci [1971], “politics” is “creation”, the ability to transform social relations. But then politics is no longer identified with the state or even with authority. It becomes *polis*. It comes to be understood as a dimension of social relations and social reality rather than a constituent segment (subsystem).

Another feature of politics as *polis* is that it includes the determination of what is and what is not political, of what is treated as significant for the society as a whole and what is not at a given moment. Otherwise, politics would encompass everything. In this perspective, the division between the political and the social is irrelevant; what is social (general, common) becomes political. Of course, what is social is relative because it refers to the community that makes up the *polis* and is encompassed by it. The *polis* enables the reproduction, undermining, and processing of the identity of key social actors. It generates the community’s constitutive (constructive) and creative (destructive) moments which, intertwining, inevitably form and deform the community’s successive identities. Politics always contains an element of negation, not just of constitution.

Historically, the state was a hegemonic and overwhelming subject in the subsystem of politics, to the extent that it was legitimate to identify the state with politics. This is no longer the case today. The state is one of many political subjects, and its role is gradually shifting from being a hegemon to being a *primus inter pares*.

One of the researchers attempting to approach this change systematically is Bob Jessop. This is how he describes the contemporary position of the state, distinguishing four aspects of its theoretical approach:

1. The state is a multiplicity of institutions; it is not granted any a priori operational uniformity. Thus the state is not an independent subject. The state does not exercise power, but is only the place where power can be located and from which it can be exercised,
2. The state is a social relationship as an arena for institutional mediation between various forces that leads to the determination of a form of state power,

3. The operation of the state is animated by political forces which do not exist independently of the state. The institutional form of the state determines the access of political forces to the state and their ability to use the state as an instrument for carrying out policy,
4. State policy produces, sustains, or reproduces the conditions necessary in a given situation for the accumulation of capital [Jessop 1982, pp. 221–226].

In another of his works [Jessop 2006], while commenting on Michel Foucault's views [1980], Jessop adds that state power is dispersed and is also extra-judicial. It can be colonized and articulated by various discourses, strategies, and institutions.

Two elements of Jessop's approach strike me as important: 1) the state is not a pre-given unity; 2) politics is much more than the state. Adopting such a perspective as a basis for defining the essence of the state makes social researchers more likely to distinguish between that which is the domain of the state and that which is public.

Historically, what was public was the emanation of the state and its hierarchical organization. Hannah Arendt [1958] stressed that politics in modern societies takes the form of creating public space. Thus, public space – in her opinion – is politically constituted. However, in my opinion, the evolution of the social order is moving in the direction of shifting what is public more towards citizens and various forms of civic self-organization (self-government). In the past, civil society tended to stand in opposition to the state; it was an alternative, a form of gaining emancipation from the state, of evading of its control. However, the evolutionary change that is presently being observed means that civil society is increasingly becoming complementary to the state as its various organizational forms are taking over the state's tasks; concurrently, civic activity entails the formation of civic control over the state's functioning. This enables the state to transfer the burden of its tasks and responsibilities to other functional areas. This fundamental change stems from the transformation of the institutional order, and in turn implies its further transformations.

It also means that politics as a subsystem of social formation as such is losing or loosening its grasp over its traditional functions. Today its supreme role in the mediation between the economy and the state can hardly be considered obvious, as the institutional repertoire of mediating solutions is much more abundant and includes institutions rooted in civil society or culture. One example is the role played by ecological organizations and environmental awareness in societies.

This results from, among other things, the emergence and permeation of once separate organizations as well as many new forms of hybrid organizations.

Max Weber [1958] pointed out that capitalism developed through the separation of the household and the workplace. Today we are observing the reverse: the disorganization and networking of the workplace, which includes – through the spread of selfemployment – bringing the work back into the household. And we are bound to observe more of these systemic permeations and new hybrid solutions.

Conclusion. Governance and politics

The concept of governance does not fully answer the two fundamental questions/problems posed by Willke. However, it is an important component of the possible (intellectually and operationally) answer. Notwithstanding, no answer in this case can be final or provide a definitive solution to both problems. The only solutions that can be obtained will be temporary and only relatively effective, and that is what we have to settle for. Willke rightly states that “the somewhat paradoxical foundation of complex systems [is] that they can become operative as systems only in the form of complex systems (that is: as systems with a high internal complexity) and that, on the other hand, this very complexity continually threatens to overwhelm and disorganize the system” [Willke 1986, p. 459].

Therefore, we are left with a combination of order and disorder, the formation of a new complexity and its reduction. And we must, on the one hand, strive to prevent the system from becoming excessively unstable, while providing it with conditions for development on the other.

We can no longer return to the model of sovereign state power. The modern state no longer has this attribute and cannot regain it. It has inevitably become only one of the subjects that have the means to exercise power and coercion. It no longer has monopoly in this respect, even if it can effectively maintain a monopoly with regard to certain types of measures. In order to fulfil many of its functions and achieve its political goals, it is forced to enter into relationships of interdependence and cooperation with other subjects.

Nonetheless, it can use its remaining authoritative powers and employ the forms of governance set out in this text to influence the functioning of other actors, seeking to ensure that they take their share of the responsibility for the stability and functioning of the social system and that they contribute to its development. For the modern state to be able to effectively influence other subjects, it must be capable of selfreflection and selforganization. It must not allow itself to be pushed around by interest groups and become a resultant of their games and influences.

When entering into relationships of interdependence, it must preserve and strengthen the attributes of its independence and its ability to apply imperative and authoritative measures in certain situations. Governance – which essentially consists in interaction as well as relational and conditional control – is to take place in the shadow of hierarchy. And the measure of success is the extent to which the typical means of direct control are actually applied – and they should be applied in moderation.

Where there is governance, the state has no rigid boundaries: they are membranes through which resources and information flow. However, where the state is to act hierarchically, its resources and structures must be clearly separated and must not be appropriated or vulnerable to external influence.

In practice, this also means that the state's agenda must not be overloaded. The state cannot take responsibility for everything and everyone. It cannot allow others to shirk their responsibilities and pass them on to the state. This would only apparently strengthen the state, while in fact making it weaker and precluding it from performing its already difficult dual mission of ensuring stabilization and development. The state is an important device for solving social problems, but it is not the only one. It cannot take on responsibilities and obligations that it cannot fulfil. If it does, it will undermine its social constitution, leading to its own decay.

The concept of governance is an essential component of the modern public administration theory. It makes sense and is practically useful, provided that it is included in the theoretical and practical reconstruction of the state. It is superfluous on the grounds of the Weberian theory of the state and dangerous if it is to be the latter's equivalent.

Institutional balancing is not only needed at the level of particular organizations (systems) – intra-systemically. It is also socially necessary between systems – intersystemically. One example is the constitutional division of power. Creating an institutional mechanism for inter-systemic balancing at the macro level is particularly difficult.

This cannot be reduced to a binary relationship (e.g., state versus market). To be satisfactory (i.e., create opportunities for development), the solution must be multilateral – multisystemic. This means that we need a multitude of functionally diverse and relatively autonomous systems (social subsystems); for example, apart from the market and the state, we also need the civic sector. This results in the emergence of hybrid organizations and mixed formulas for producing goods.

Systemic balance must not be static. No form of macroorder is final. The required solutions must be dynamic, allowing for adjustments and corrections. And this is what I see as the point of public policy, understood as developmental policy.

With this approach, there is no need to create a hierarchy of orders in order to comprehend the social world; in turn, it is necessary to create an appropriate space-time along with its resulting perspective in order to be able to generate new modes of action and the resources necessary for such action.

Politics needs to restore prominence to values, which have been displaced from its area, making it technocratic. This was a reaction to the previous domination of various ideologies in the functioning of states, which led to the consolidation of authoritarianism and totalitarianism. Procedural standards and a managerial approach to public policy were to become a way of preventing their return in the future. As a consequence, however, the definition of political means became a definition of political objectives.

Now, through the concept of governance, attempts are being made to establish a balance between substantial and procedural instruments in public policy. The four different meanings of the concept of “politics” are defined by the four planes (analytical areas) in which “politics” takes place: 1) discursive – *polis*; 2) structural – political system; 3) behavioral – political actions; 4) functional-technical – public policy.

In each of these planes, the essence of politics is power with regard to large social aggregates (formations, organizations, groups). A different scope of power can be distinguished in relation to each: 1) in the case of the discursive plane, it is power over meaning; 2) in the case of the structural plane – power over the system; 3) in the case of the behavioral plane – power over decision making; 4) in the case of the functional-technical plane – power over resources.

Politics, in order to combine both pragmatic and axiological categories, must include not only action as such but also the discourse that limits and directs it. Politics cannot be merely technical, bureaucratic, and conducted along party lines; it must also be public and civic to be effective.

The analytical model distinguishing the four levels of politics has, in my view, two fundamental methodological advantages: it overcomes the false dichotomy of action and structure (and, consequently, the dichotomy of politics based on ideas and politics on power); at the same time, it enables the gradation of political subjectivity without perceiving the world of politics as an organizational hierarchy. In my opinion, rejecting this perspective, both in theory and in practice, gives rise to many of the negative phenomena that can be observed in contemporary democracies.

Problems of this sort are also keenly felt in Poland. Their convincing synthesis was presented by the authors of the report on Poland’s institutional adjustment to the European Union. They pointed out the following fundamental shortcomings in this respect [Marody, Wilkin 2002, p. 162–164]: 1) taking over

public institutions and subordinating their functioning to the pursuit of particular interests; 2) institutional discontinuity – reforming the reforms started by predecessors; 3) internal incompatibility of the institutional system – hybridity, non-consolidation; 4) exclusive use of hard law – narrow legalism – accompanied by a tendency to circumvent the law, an inability to adaptively understand and apply laws based on reference to general overriding principles of conduct, and, consequently, degeneration of the law.

In general, it can be said that all the institutional flaws mentioned above result from the degeneration of the public space of debate and the practice of so-called pragmatic politics, in which gaining and maintaining power becomes an end in itself. As a result, political leaders become exclusively political players and gradually lose the abilities and competencies associated with strategic thinking and action. This also weakens democracy, which is not only a certain technique but a form of culture shaped through discourse and deliberation [Fitoussi, Rosanvallon 2000, p. 166–167].

CHAPTER XIII

THE GLOBAL CRISIS: THE NEED FOR NEW ECONOMIC POLICY

Introduction.

Axiological foundations of economic policy

It is widely accepted that the current global economic crisis is linked to the excessive deregulation of globalized financial markets. As a result, excessively risky technologies and financial products were created by financial corporations, and their spread made the functioning of financial markets become similar to that of casinos. Speculative instruments were used to conduct speculation on a mass scale and to make money from the resulting bull market. This fractured the relationship between the economic activity carried out in the realm of the real (production) and the realm of finances (crediting), which is the foundation of capitalism. The global capitalist economy was financialized – it was “unrealized”.

According to this reasoning, it would be sufficient to establish appropriate regulations for national and international financial markets and institutions to make all relevant problems disappear. However, this conclusion seems naive in light of what is happening and what is being done about it by the governments of the developed and economically strongest countries. Therefore, a deeper and broader perspective must be adopted to identify the causes of the current crisis.

The starting point for my reasoning is the recognition that, this time, we are not dealing with a crisis *in* the system of the capitalist economy, but with a crisis *of* that system. That is why all the known and available (conventional) methods of crisis management are failing. Political decision-makers are resorting to unconventional measures such as, for example, quantitative easing in monetary policy.

Although one has to admit that this is somewhat effective, there is growing concern about the long-term consequences of these unconventional measures, both national and global. It has to be acknowledged that their unpredictability has caused economic policy, which was supposed to be evidence-based, instrumentally objectivized, and pragmatic (e.g., explicit inflationtargeting adopted by central banks), to become intuitive and carried out ad hoc – it has no strategic foundation.

To be effective, economic policy must be based on a good understanding of the social processes occurring in the economy. Otherwise, it will remain – as Dani Rodrik [2006] writes – a mechanical application of various measures from the “approved” list, counting on a stroke of luck and hoping that some of these measures will ultimately prove effective.

We are confronted with the need to develop new axiological foundations for economic policy, which should draw on new economic theories, incorporating the achievements of other social sciences, and be based on new institutional solutions.

Three fundamental dimensions of public policy

Modern economic policy (as well as any public policy) must be carried out simultaneously in several temporal and spatial dimensions. The entities doing this must be able to recognize and respond to phenomena occurring in different dimensions. Some significant economic phenomena take place within very short periods of time (e.g., huge financial flows), while others occur over the span of millennia (e.g., climate change). Some are local, others are global.

Therefore, it appears that economic policy must have at least five time horizons: current, short term (2–8 quarters), medium term (2–10 years), generational long term (10–20 years – one generation), and multigenerational longterm (over 20 years – at least two generations). At the same time, it must be carried out in many territorial dimensions: local, regional, national, cross-border, international, global, and extraglobal (e.g., when dealing with space exploration). It seems evident that, if a model of economic policy was to be built on the basis of this assumption with the aim of analyzing economic phenomena through its lens, then no one would ever be able to grasp it in its entirety, regardless of the technical equipment at their disposal. The idea is not to use such a model to work out everything that happens and becomes, but to apply it to those problems that fall within the scope of the economic policy agenda. And this must come from a conscious choice – from establishing which phenomena are crucial for the development of a given economy.

Establishing what is important for the economy and public policy is a fundamental challenge. In practice, the purpose of a specific action disappears, and the means leading to the objective take its place.

To start with, considerations concerning public policy (including economic policy) feature three types of questions: 1) What for? Why?; 2) On what basis? According to what rules?; and 3) How? These three key types of questions are associated with different dimensions of the social order and require different types of responses as well as different kinds of knowledge.

“Why do we take public action what do we wish to achieve?” – this type of questions belongs to the axiological (modal) order and is always associated with considering what is good and what is bad – what is socially beneficial and what is detrimental. Removing these questions from the area of public policy does not mean that they disappear, but only that decision-makers fail to address them, ignoring them and thus absolving themselves of the responsibility for the consequences of their actions – either that or they make decisions concerning the overriding aim of action arbitrarily and imperatively, with no regard for any points of view other than their own. Resultingly, their actions are sooner or later going to further only their own goals, i.e., the consolidation of their power.

The second type of questions (“What are our actions based on? On what principles do we act? According to what rules?”) is part of the systemic order, which determines, among other things, the procedures for the conduct of public authorities. This dimension of public policy can also be described as the institutional order, which defines the framework of public authority, specifying its competencies and tasks. The institutional order (including the constitutional order) undoubtedly imposes certain limitations on public authority, which reduce its discretionary and arbitrary powers (e.g., the Polish constitutional limit on public debt, set at 60% in relation to GDP). But these restrictions are clearly beneficial – without them public authorities would have no democratic mandate or social legitimacy. By freeing themselves from these restrictions, public authorities undoubtedly gain more freedom of action and, seemingly, more power. But in truth their power wanes. Deprived of social support and consent, they become powerless.

Finally, we come to the questions relating to the instrumental dimension of public policy: “How?”, “By what means?”, “Using what instruments?” This is the operational level of public policy. Nothing can be achieved without addressing it, but, at the same time, reducing policy to its instrumental (technical) dimension condemns it to failure.

Answering these three types of questions requires different types of knowledge, which are generated and acquired in different ways. The operational level requires expertise – specialist and practical knowledge

acquired through practical experience and research. Here, the concept of evidence-based policy makes sense. With such knowledge we can employ the right instruments (measures), calibrate them properly, and verify their effectiveness. Such knowledge can be systematically accumulated, thus increasing the professionalism of public action.

Things are different when it comes to the activities related to the institutional order. There are no simple relationships of cause and effect here. The actions taken (establishing rules) are burdened with much greater uncertainty; their effects manifest themselves with considerable delay and are always conditioned by many factors (variables) that cannot be controlled. The uncertainty related to the actions taken within this order cannot be eliminated, as the actions cannot be separated from their context. By nature, they are experimental and exploratory. The uncertainty can only be reduced. Systemic actions pertaining to the institutional order cause irreversible changes, and returning to the initial state is no longer possible. A specific institutional solution may have different outcomes in different contexts. Still, some outcomes are always produced, resulting in a new situation. We are never able to plan or predict them with precision. Therefore, such actions are usually taken at the point when operational actions prove insufficiently effective or are becoming less and less effective. It is at this point that we change procedures, rules, structures the institutional order. The uncertainty associated with systemic changes can be reduced if, for example, we are able to evaluate the change's consequences (outcomes) and correct the adopted solution.

When new systemic solutions are needed, and changing the rules is placed on the agenda of economic policy, the question arises as to what should guide the implementation of this change. This kind of change is not obvious in itself. In this case, there is no certain, definitive, or universal knowledge; it is presumed and partial – both objectively (we know some things, we suppose others, but there are many things that we do not know) and subjectively (various subjects have their own approaches, perspectives, and views on the problem). Thus, even if we manage to diagnose the problem together, there will still be many, or at least a few, ways of solving it, and these ways may be mutually exclusive. Notwithstanding, a solution needs to be selected despite the lack of certainty whether it will be optimal, or even whether it will contribute to solving the problem or, to the contrary, it will result in adverse side effects that will neutralize and outweigh the expected positive effects over time. It is impossible to derive the criterion for choosing a new systemic solution from within the logic of the system. In this case, inspiration must come from the outside from the axiological order, where substantial, not procedural, rationality reigns supreme. Only when we are able to normatively

determine the overriding goal of our actions, establish what we wish to achieve, decide what values we wish to follow, and refer to existential values can we determine which rules of conduct we will reject outright, and which of the remaining options are, in our opinion, appropriate for achieving the goal. It should be noted that this also requires knowledge but of a completely different kind: one that results from human (civilizational) experience and human beliefs about what is good and valuable. This kind of knowledge is generated in an altogether different way than instrumental knowledge.

We also need to refer to the axiological order when we evaluate our actions to see whether, and to what extent, the employed measures are bringing us closer to our goal whether they result in what we consider good and desirable. If we are capable of making such an evaluation, public policy (including economic policy) is conducted in a manner that is most likely to serve development.

Answering the three basic types of questions related to public policy requires the use of different types of knowledge that are generated in different modes. By “modes of generating knowledge” I mean the social mechanisms of knowledge creation, dissemination, and use. The diversity of these modes also implies the diversity of the actors and the roles they play. Instrumental knowledge is essentially expert, professional knowledge – it is created by people who are educated and competent in a given field, and its use requires specialized competencies. It circulates mostly among the members of a given professional group or between representatives of different professional groups. The decision-makers who wish to utilize it must be experts themselves and must be able to collaborate with experts.

To a certain extent, knowledge relating to the systemic order is also highly specialized, especially with regard to the relationships between specific institutional arrangements and the applicability of specific instruments. At the same time, it must take into account a much broader view of the whole space in which a given decision-maker operates. In this case, the decision-maker's role is managerial (in fact, comanagerial); their knowledge must be more general, referring to some vision (narrative) of reality that is the source of their doctrinally consolidated convictions. Such knowledge must encompass both what is instrumental (objective) and what is considered right (i.e., subjective and normative). On the one hand, it must be rooted in the operational order, on the other – to some extent – in the axiological order. Applying such knowledge is no longer purely instrumental, but requires interaction – communication, persuasion, and cooperation. The concept of governance (co-management, co-governance) reflects well the essence of the role of the decision-maker acting in the systemic order and employing knowledge of this nature. At the same

time, it indicates that such a decisionmaker, in order to be effective, must be able to share their knowledge with other such actors. The development of systemic knowledge is not a process of accumulation but rather of intellectual meandering; in its course, knowledge is processed and modified through constant reinterpretation. Such knowledge is not applied directly it results from interaction, and its application is the result of interaction.

In the case of the axiological order, knowledge is generated by yet other actors. These are actually the intellectual leaders of significant social groups. Such knowledge emerges only from collective deliberation, from axiologically saturated discourse in which various cognitive perspectives relating to man and the world collide, and various systems of values and worldviews clash. Such knowledge exists only to the extent that it is shared. Shared knowledge implies a shared identity. It lasts as long as the common identity exists and is expressed in practice. A decisionmaker tapping into such knowledge and able to use it effectively becomes an actual leader, someone who releases and directs social energy. Such knowledge could be called an ideology, but it should not be feared or avoided as long as the system of public governance prevents it from being unilaterally imposed or directly applied in practice. It exerts its effect in a twofold fashion. Firstly, through the power to make values common, to jointly recognize what is good and what is bad. It therefore operates directly, but in the normativemoral order, and is then an expression of ethical judgment. Secondly, through its influence on the adopted systemic solutions. Such influence occurs through systemic decision-makers, chosen in a different way from intellectual leaders. In their actions, the former must be autonomous from the “spiritual” leaders, but they must definitely not be free from institutional constraints or social control.

New economic policy

How one conducts economic policy depends primarily on how one understands and conceptualizes the economy. At the one extreme, there are those for whom the economy is a system of objectivized relationships – an object controlled by performing appropriate fine tuning of the key parameters that regulate the objectively understood economic relationships. An economic policy-maker acts like a physician, analyzing the patient’s condition, identifying the ailment, and introducing an appropriate treatment. The aim is to keep the economy (or the patient) in a state of equilibrium. This approach is adopted, for example, by those who believe that competitiveness is determined by the level of the exchange rate.

At the other extreme are those for whom the economy is a system of institutionalized behaviors and social reactions. Economic policy-makers operating within this approach consider which behaviors are to be reinforced or triggered, and which are to be attenuated or eliminated. They do not influence the economy through its parameters, but through institutions – solving problems rather than equations. Their aim is not to achieve a state of equilibrium, but to guide the process of the economy's development. This approach is adopted, for example, by those who believe that competitiveness is determined by the quality and profile of school education.

Each of these alternatives is associated with the use of different tools, but, more importantly, each requires the cooperation of different partners and is associated with encountering different kinds of opposition. The former approach requires mainly market analysts and supporters of market orthodoxy in the realm of politics and media. Economic policy is then served by those who calculate and those who treat these calculations as infallible truths – all the others are no more than resistant objects of their actions. In the latter approach, the economist-politician participates in and moderates a continuous process of social reflection and communication. There is not much they can do on their own – they need organized partners. While interacting with numerous partners, they must take particular care to keep the initiative and put forward their agenda of arrangements and actions stemming from their vision for development, which nevertheless continues to be a topic of debate. They may ignore some actors, or even act against others by undermining their operational capacity; however, above all, they must constantly renew their cooperation with those partners who are willing to participate in designing the various areas of economic policy and promote development in its various dimensions.

Our problems with economic policy start with the way the economy is perceived and interpreted by modern economics. The mainstream economists understand the functions of the institutional order in an overly simplistic manner and have become utterly disinterested in the economy's relationship with axiology. The dominant freemarket rhetoric inhibits them from understanding that the market economy needs to be embedded in an institutional framework that is neither universal nor eternal. It is also crucial to recognize that this framework fulfils various functions: it blocks or prevents certain actions, but at the same time it enables others; still others it clearly favors and encourages. On the one hand, the goal is to ensure collective security, which could easily be jeopardized if economic activities were indeed freed from all constraints [see Shiller and Akerlof 2015]. No one argues against the fact that food products entering the market should be subject to rigorous controls. But the same principle of collective security should also be applied

to financial products – this would have prevented, for example, the issuing of toxic financial assets. Financial engineering cannot remain outside the scope of public regulation, just as construction engineering does not.

On the other hand, the institutional order should both promote economic efficiency and effectiveness on a micro-scale and create favorable conditions for socioeconomic development on a macro-scale. At this level, the existence of contradictions is inevitable, a good and timely example of which is the issue of regulating intellectual property rights. Their regulation cannot be perceived only from the microeconomic perspective. Ignoring the macroeconomic aspect has long-term adverse effects, as evidenced by the ramifications of patenting computer software. Such consequences affect the development of the economy as well as democracy and culture.

Development implies a fundamental structural change. And such a change must entail modifying the economy's institutional framework. Economic policy must, therefore, gradually modify this framework so that it continues to foster development in new structural conditions as the importance of particular economic factors, the relationships between them, and the ways of producing economic value change. Development also implies changes in the importance of various economic valorization mechanisms and the emergence of new ones that utilize new resources and economic factors or use those previously existing in new ways. This means that various mechanisms of economic valorization coexist and must coexist in the capitalist economy; the market mechanism alone is not sufficient. Thus, the (dominant) market segment coexists with other segments of the economy (e.g., the public and social sectors, but also household economy), which must be able to and should use other mechanisms of economic valorization and value creation.

This entire reasoning makes sense only if the economic decision-makers, including politicians, respect the binding rules or at least suffer the consequences for failing to observe them. When formal rules are not followed, they are replaced by informal ones, because no economic activity can be conducted if there is no way to enforce obligations. In the absence of public mechanisms for enforcing the rules (laws), private mechanisms begin to operate, as manifested by the role of the Mafia in the Italian economy or the prominence of oligarchs in the Russian economy.

At the same time, the sense of this reasoning rests on the idea that the institutional order cannot be freely shaped by the economic decision-makers, including politicians. It can and should be a matter of debate whether the construction of the Eurozone was correct and whether its implementation was done at the appropriate moment, but its current problems should not

be blamed solely on its architects, without noting that it was the politicians who made the decisions that clearly violated the adopted principles of its functioning, e.g., by allowing Greece to join. If rules are allowed to be blatantly ignored or bent to satisfy short-term needs, then it becomes impossible to demonstrate whether they are adequate or not. Only when the rules are generally complied with can their weaknesses and advantages be observed over time so that they may be corrected accordingly.

Institutional rules can and obviously should be modified, but this should be done in accordance with existing democratic procedures and in a way that ensures that they provide a framework for public policy, including economic policy. Disregarding, suspending, or simply abolishing these rules undermines the foundation on which economic activity rests and erodes the trust among economic actors as well as their trust in the state. Failing to comply with institutional rules in the name of efficient governing leads in a straight line to noncompliance with the agreements and obligations based on those rules – including the obligations of citizens towards the state. In the long term, this inevitably weakens the currency as the publicly established means of exchange, as currency works primarily by virtue of an unwritten agreement – based on trust and mutual commitment.

By no means do I wish to deny the importance of the operational dimension of economic policy, consisting in instrumental and parametric action. The problem lies in the way it is targeted. In this case, economic policy-makers primarily influence the current behavior of market participants. The timespan of the reactions they wish to evoke is relatively short, although their effects usually last longer. The policymakers operate by triggering concrete and specifically targeted impulses. They must anticipate and observe the reactions that their actions will provoke and adjust the actions accordingly.

I see the sense of this dimension of economic policy in the fact that the market economy functions cyclically, through economic fluctuations. It features spontaneous processes with an oscillating nature as well as automatic regulators of the economic situation. Therefore, interventions in this dimension of the market economy's functioning may be relatively effective, but they must be cautious and carefully considered so as not to disturb the natural economic cycle without good reason. An intervention may be warranted in the case of disturbances of the current, mainly macroeconomic, equilibrium that may lead to a deep economic collapse. In this dimension, economic policy is a policy of mitigating economic fluctuations. Its main goal is not just to stimulate the economy, but to attenuate those fluctuations that are pushing it out of its natural cycle and threaten its sustainability. Thus, I consider the objective of

economic policy to be primarily negative, as the goal is to prevent certain states of imbalance, which can be parametrically defined. The positive aspect of such a policy is that it provides the economy with the necessary level of stability in conditions of international openness and globalized economic flows.

A good example of this type of policy is monetary policy. When conducted conventionally, it parametrically establishes a direct target and a range of permissible deviations which serves to justify refraining from taking corrective action. As long as inflation remains within this range, the market mechanism is considered to be operational. We are dealing here with a clear example of a data-based policy. It is important to note, however, that the emphasis here is on *not* taking action, on *not* intervening – provided that inflation remains within the established range in the foreseeable (in this case short-term) period. This is therefore an example of an “evidencebased nonpolicy”. And this an overarching principle of conjunctural policy – to avoid unnecessary interventions, to “first, do no harm”.

I have the impression that algorithms of public policy response similar to those used for monetary policy could also be created for fiscal policy and other aspects of shortterm (conjunctural) policy. In some countries, early warning systems are being developed, e.g., with regard to the risks of business failures and potential labor market disturbances, in order to eliminate the discretionary nature of the public authorities’ response in these areas and to establish the circumstances under which intervention and its particular forms are warranted.

Of course, a policy oriented towards ensuring economic stability cannot be dissociated from its other dimensions and objectives, including especially the structural dimension, even though its objective and methods are different. However, only by fulfilling its fundamental task, which is keeping the economy stable, can a conjunctural policy also contribute to achieving other objectives of economic policy, such as promoting growth. Subordinating it directly to these other objectives most often results in disturbances of the economy’s stability and prevents the said objectives from being achieved in the medium term.

The challenge of carrying out economic policy in its operational dimension lies in the fact that we cannot easily distinguish between cyclical phenomena – oscillations around the natural turning points of a given economy and processes of structural change that cause these points to shift. Moreover, carrying out a conjunctural policy effectively requires a great deal of expert knowledge and considerable skill in its application. It also requires something that is difficult to achieve in parliamentary-cabinet political systems – the autonomy of expert and operational activities from the influence of the political

struggle for power. What works relatively well in the case of monetary policy bodies and autonomous central banks is difficult to apply in areas such as fiscal policy and government structures. Hence, for example, the idea of creating national fiscal councils, modelled on monetary policy councils.

Notwithstanding, I am convinced that, for a good economic policy, its structural dimension becomes more important than the conjunctural one. In this dimension, in order to be effective, economic policy must be conducted essentially in the systemic (institutional) order, not the operational one. This is because the objectives of structural policy are not achievable by following the stimulus-response model. They cannot be triggered directly they result from far more complex relationships, including interactivity, a process in which the focus is on communication, interpretation, and reflective learning. This process transforms the identity of economic actors and only then can the desired and expected economic changes actually take place. These changes are developmental, not oscillatory; they knock the economy out of the conjunctural balance; they are not automatically reversible, and they shift the natural points of conjunctural cyclicity.

When an economic policy ignores the institutional order, it lacks a strategic foundation and is unable to respond to structural challenges, even if it can identify them correctly. Of course, one can try to induce structural change by adjusting economic parameters alone, but such attempts are doomed to fail. Without appropriate institutional (systemic) changes, the way in which economic participants will adjust to the modified parameters will be passive and conservative: they will try to obtain additional benefits or minimize their losses without changing the way they operate. They will shift their tactics somewhat, but will continue to play the game according to the same rules. If we want the participants of a given social system to really change their behavior, to strive towards different things and in a different way, then we have to modify the institutional rules of that system.

Of course, the market mechanism itself leads to certain structural changes, but these changes are not necessarily beneficial to society, the economy, or the market itself, as demonstrated by competition leading to monopolization. Structural changes in the economy cannot be induced without the market, but neither can they be brought about by the market's influence alone. The market itself can lead to certain states of equilibrium that should be considered unfavorable, petrifying the existing economic structures. Such states are dysfunctional with regard to development, leading to regression, stagnation, and depletion of economic resources. This can be manifested by certain forms of international division of labor perpetuating the anti-developmental

dependence of weak national economies. The structural changes necessary for development will not occur without public intervention, which should consist in, among other things, changing the institutional regulation of international trade rules.

However, establishing new institutional rules requires reflection on what purpose is to be served by the economy, what we wish to achieve by changing the rules, and what values we should refer to when designing them. It is not enough to focus solely on praxeological values, including economic efficiency. The answer to the question concerning the economic purpose of what we wish to achieve cannot be derived solely from the economy or economics. It must be rooted in the non-economic social sphere and refer to the findings of other social sciences, such as anthropology. Unless someone stubbornly equates economic efficiency with social benefit and economic (material) goods with good in general.

I am not proposing to make an organizational distinction between the three dimensions (instrumental, institutional, and teleological) of economic policy. The same entities may be involved in each of these dimensions, or at least two of them. This can be exemplified by the gradual inclusion of elements of macro-prudential policy into the domain of central banks, which involves not only expanding the repertoire of instruments at their disposal, but also granting them competencies to establish institutional rules (though not on their own). The idea is to create an effective mechanism for coordinating the activities of the entities responsible for monetary, fiscal, and supervisory policy. However, the powers of the entities comprising such a council of systemic risk should be explicitly conferred on them by the legislature and not just presumed.

New theory of economic goods

The understanding that economic policy has these three essential dimensions – instrumental, institutional, and axiological – generally escapes the perception of politicians. Why? I think that it is not only because politicians are prisoners of the political electoral cycle and assign value to actions mainly on the basis of their utility in maintaining the power they have already gained and taking advantage of the opportunities created by this success. I am convinced that this blindness results mainly from the way they understand politics, and thus the state, as well as from the way they understand the economy.

It seems key that their understanding of the economy follows mainstream economics, so that politicians identify the economy with the market. Thus, their primary focus is on the market, and it is its functioning that is the object

of their interventions (which they are willing to undertake to a greater or lesser extent depending on their doctrinal beliefs). As a result, they continue to operate within the state-market scheme. The neoliberal revolution has shifted the gears towards the “market”. Now, economic resources and powers of states are being used to address the crisis caused by their previous political and economic abdication. This is a clear example of thinking that equates policy with the state and, on the other hand, the economy with the market.

These simplifications stem from the weakness of the theory of goods that prevails in neoclassical economics. Most often economists and economic politicians refer to an enormously simplistic model that distinguishes only between “public goods” and “market goods” (private goods). Few try to go beyond this model and notice the existence of other kinds of goods.

One of the problems addressed by neoclassical economic theory is the optimization of public goods. The formal solution to this problem is the rule that the sum of marginal substitution rates between a public good and a private good for two units must be equal to the marginal cost of providing (the additional unit of) the public good. This theory also puts forward two institutional mechanisms for applying this formula. One is voting, and the other is to imitate the market allocation system.

It is easy to see that neither of these methods is feasible. It is impossible to create a system of universal voting to decide the scale and proportion in which the state should provide the various types of public goods. It is also impossible to create a calculation algorithm that would imitate the behavior of market participants. These are utopian ideas. The production of goods, even public goods, cannot be controlled centrally. In practice, however, the state can create – through its policy – appropriate institutional solutions that will determine the proportions in which the various types of goods will be produced. And this is one of the important functions of the modern state, which falls within the scope of developmental policy.

The advocates of the classical theory of goods assume that certain services should be public in nature in order for certain redistributive objectives to be achieved. Examples of such services include education, healthcare, social assistance, and housing. Following Richard Musgrave [1939], goods related to such services are described as “merit goods”. Merit goods, unlike public goods, do not have to be financed from the budget, but, considering their social desirability, they should be supported by the state, e.g., through lower taxation, tax exemptions, or subsidization. This makes them available to every citizen even though they could be provided as private goods – but then the scope of their consumption would be smaller.

I disagree with this approach. These types of services should only be provided by the public authorities to a certain extent. Public monopoly in this regard is not an effective solution. It is much more reasonable to allow these services to be offered by entities with a different legal and ownership status. There is also no reason for goods associated with such services to be financed entirely from the budget. On the contrary, their financing mechanisms should be varied and complex. Thus, the role of public authorities in providing merit goods to different consumers should also be differentiated. Unquestionably, the public authorities should ensure that such goods are actually available and that their quality is sufficiently high. However, they should not be concerned with providing these goods, but rather with creating the right conditions so that others are able and willing to provide these goods and so that consumers are able and willing to use them.

One of the main tasks should be for public authorities to promote variety in the mechanisms of delivering goods in order to offer consumers (citizens) the opportunity to choose the most convenient way to use them. In the context of medical goods and services, this could include various forms of budgetary financing, compulsory and voluntary insurance, public, private, and reciprocal insurance, private financing, and various types of hybrid solutions.

The system for delivering a given type of goods should be designed in a way that offers individuals and social groups the widest possible range of choices pertaining to the goods themselves and the ways of using them. This includes, for instance, allowing them to choose between various offers (the exit option) but also to actually influence the way these goods are offered and by whom (the voice option). Social institutions should bear in mind that citizens do not only consume certain goods but can also produce them.

Shaping modern comprehensive systems for providing goods requires us to review the relations between the basic segments of economic activity, namely households (families), businesses, the state, and NGOs. We should also assume that, for many goods, no organizational form of their provision has a permanent or unequivocal advantage. Therefore, it seems reasonable to allow various organizational forms to compete and to allow the creation of new hybrid forms of organization. This is the most effective way to ensure that processes of recombination and recomposition, entailing structural changes that condition the adaptive capacity of economic actors, occur in the economy. Adopting such an approach means that, in practice, the provision of most goods must be achieved using mixed and open systems. And this is increasingly the case in highly developed countries. This reasoning is the source of, e.g., the concept of the welfare mix, whose advocates postulate to replace the

traditional singlesector approach to social policy with a multi-sector approach and to move away from the classic welfare state formula towards cooperation in the area of social services between the state, the market, social organizations, and household communities.

The complexity of the modern systems for providing goods lies not only in the variety of organizational forms of the providers, but also in the multiplicity of sources and mechanisms of financing these goods. It is not just that different goods can be financed by private, public, or civic means, but also that the funding for the same goods can come from different sources, and mixed financing mechanisms are sometimes used for certain goods, e.g. public-private financing (such as partial or flat-rate payments for access to medical services that are generally covered by public funding).

Another feature of complex systems for providing goods is the gradual blurring of the once clear boundaries between production and consumption, as reflected by the notion of “prosumers” – those who produce and consume at the same time – used especially in the context of symbolic goods, including cultural goods and information.

Increasingly, today’s consumers purchase not individual goods, but access to integrated systems and productservice packages. It is no longer a surprise to anyone when a computer, mobile phone, or a TV converter is offered for free or for a symbolic price, provided that the consumer agrees to use the complementary service package offered by the provider. This is also a particular manifestation of other phenomena characteristic of the modern economy, namely the blurring of the boundaries between production and services and between supply and demand. Modern systems for providing goods use complex production and service chains, at the same time involving the consumer in their interactive creation. Often it is the very network of interactions between the producer and the consumer that creates economic value in the knowledgebased economy.

However, it should be clearly emphasized that the formation of complex systems for providing goods, including in particular social services and socially desirable goods, is not possible unless we expand the criteria for the assessment (evaluation) of these systems and revise our understanding of productivity, efficiency, and responsibility. In particular, the criterion concerning the efficient use of resources should be supplemented with criteria related to respecting stakeholder expectations, the actual responsibility of providers towards stakeholders, as well as education and social activation. The aim is to make sure that the activity of providers effectively influences social self-knowledge and fosters social innovation, thus contributing to permanently solving specific social problems.

Conclusion. Social roles, modes of governing, and types of knowledge

The reasoning presented in this chapter is intended to restore the relationship between the spheres of production and finance in the capitalist economy not only by revising the functioning of the financial sphere (though this is also needed), but also by fundamentally transforming the production sphere, especially by developing the relationships between the market and other segments of economic activity and allowing other mechanisms of economic valorization to develop alongside market valorization.

The current crisis clearly demonstrates that we need a new theoretical synthesis of the “economic theory of the state” and the “political theory of the economy”. Such a synthesis will only be possible if economists make much broader use of the findings of other social sciences as well as biology (theory of evolution), thus returning economics to its roots by focusing on its social, rather than technical, dimension.

With regard to its practical aspect, i.e., economic policy, we must be wary of the growing conviction that the crisis can be remedied by a mechanical return to Keynesianesque state intervention, i.e., a wholesale rejection of the “neoliberal revolution”. This could at best be a temporary remedy – more of an analgesic than a cure. The markets were never perfect, they are not perfect now, and we will not make them perfect. Still, they are indispensable for continued development. The essential positive answers, however, must be sought not in the state or the market, but in culture and society, which are much more than institutions mediating between the state and the market. If they do not obtain the necessary level of self-organization and autonomy, neither the state nor the market will function well. Only a turn in their direction can open up new possibilities for development.

In order for economic policy to adequately answer the three basic types of questions mentioned above (“Why?”, “According to what rules?”, “How?”), it must combine the actions of three types of decision-makers (experts, managers, and leaders) functioning in three different orders (operational, institutional, and axiological) and possessing three types of social knowledge (objectoriented, systemic, and modal). While it is practically impossible for all these aspects to be in perfect synchrony, what is crucial for the success of public policy is that these components actually exist and cooperate to at least a satisfactory degree. Otherwise, public policy will inevitably fail, leading to undesirable consequences instead of contributing to development.

CHAPTER XIV

CULTURE AS A WAY OUT OF THE CRISIS

Introduction. Paralyzed power and culture

The fact that we have so far been unable to overcome the global crisis has been linked by political scientists to a particular feature of the modern democratic political systems, namely that voters can choose who is in power but cannot actually choose what policies are pursued. At the same time, they have no other effective tools to correct bad policy in any significant way. As a result, we remain in our current circumstances, struggling to find a way out. Some see the solution in increased state interference, especially with regard to the economy. Others cling to the dogmatic belief that the market alone is the remedy for all problems. In our search for a way out of the current crisis, we are intellectually and practically oscillating between the state and the market, thus continuing to follow the old, even if somewhat updated, patterns of thinking. This, however, fails to bring an successful outcome.

In this chapter I would like to consider whether it is possible to find a way out by turning towards culture. In practical terms, this orientation would be meant to lead to the reconstruction and opening up of the space that is public, communal, and autonomous with regard to what is private and individualized and to what is national, universal, and generalized. And, as a further consequence, this would lead to the emergence of social actors capable of triggering an institutional change that would create the framework for a new policy of development.

One of the ways in which authority can be defined is that it is the ability to not learn from one's own mistakes, which practically means the ability to pass

on the costs and consequences of one's mistakes onto others and into the future (i.e., onto future generations). This negative definition of authority implies that governments can effectively avoid and reject responsibility while the governed are unable to force them to accept responsibility and correct wrong policies. This a state in which we can choose those in power but have no influence on what policies they carry out; in short it involves avoidance of responsibility, inability to correct policies, and loss of the ability govern – i.e., to effectively solve basic social problems and activate mechanisms of development.

In a political system functioning in this manner, neither the political opposition nor active citizens can fulfil their systemic role consisting in creating an alternative political program, which would allow the system to gradually adapt to successive structural challenges. The system continues to last but does not develop. As a result, it is becoming increasingly dysfunctional and gradually loses its developmental energy.

The neoliberal revolution was conducted under the slogan: “Government is not the solution to our problem, government is the problem”. The state, considered by neoliberals as the main obstacle to development, was reduced to a minimum. However, as the consequences of the neoliberal victory have proved to be dangerous for the big financial institutions, the state has turned out to be the only salvation. Its resources are being mobilized to prevent the bankruptcy of those who have become too big to fail. This alleviates the crisis but does not solve the problem.

I think there can be no way out of the current systemic crisis without turning towards culture. Therefore, the central question for me is how to transform the rebelling (indignant) consumers into active citizens – participants of culture and development.

Nicolas Bourriaud convincingly discusses the role of art and culture: “What they produce are relational space-time elements, interhuman experiences trying to rid themselves of the straitjacket of the ideology of mass communications, in a way, of the places where alternative forms of sociability, critical models and moments of constructed conviviality are worked out. It is nevertheless quite clear that the age of the New Man, future-oriented manifestos, and calls for a better world all ready to be walked into and lived in is well and truly over. These days, utopia is being lived on a subjective, everyday basis, in the real time of concrete and intentionally fragmentary experiments” [Bourriaud 2002, pp. 44–45].

Civilization and culture

I am drawn by the distinction between the terms “civilization” and “culture” proposed by Władysław Tatarkiewicz [1978]: “Let civilization mean everything that mankind has created, added to nature to make life easier and better, and that many people have in common; and let culture mean the experiences and activities of the individual people who have founded civilization and benefit from it. Civilization makes the world of today different from the primitive world, while culture makes the people of today different from the primitive man” [Tatarkiewicz 1978, p. 76]. And further on: “(...) civilization means an objective formation (...) that belongs to the external world. In turn, we understand culture as a state that is subjective, mental, internal, and individual” [p. 79].

Society is both civilization and culture, the material and the spiritual, the hard and the soft. Both dimensions of human existence are combined and specifically permeate each other in every social structure. Hence the justification for expressions such as “organizational culture”. Civilization and culture are the basic components and dimensions of the social world. Both are relatively durable, but they can also evolve. Social change always results from some influence exerted by both. However, the nature and intensity of development depends on the specific way in which civilization and culture permeate each other – on the dominant mechanisms in which they interact and are combined in a given society.

It is fundamental to recognize that civilization is essentially a limited and relatively closed space, both temporally and spatially; therefore, it has its own recognizable but permeable boundaries and operates to some extent by defining these boundaries, also within itself. This is clearly linked to the category of ownership and the specific regulation of the bundle of property rights relating to tangible assets and resources.

The situation is different when it comes to culture, understood as the entirety of society’s intellectual creations and the conditions in which it functions (intangible assets). The space of culture is essentially open, and its boundaries are constantly shifted by imagination and creativity. It is not temporally or spatially structured, making its capacity essentially infinite – new creations of human thought and various cognitive perspectives may appear there, come into contact with each other, and permeate each other. This makes the space of culture a discursive space, featuring constant argument and dialogue. Its borders are fluid not rigid but, still, it does have borders because culture can only happen by virtue of a certain material and civilizational foundation and infrastructure. Without this foundation it disappears. Civilization enables culture

and its development but also limits it materially. Culture, on the other hand, determines the social functioning of a civilization and its development, providing it with social justification and grounding while also giving it direction. Both of them – by interacting – determine the social order, the level of its rise, as well as its rigidity and susceptibility to change.

While the development of civilization creates a new environment for action, the development of culture means that the space for human activity expands, also to areas where there is no physical infrastructure. The resources we use in action are derived from both civilization and culture. Their recognition and use depends on both the material and the intellectual.

I do not contrapose civilization and culture, as I am convinced that they must coexist and interact. Some forms of this interdependence serve development well, while others do not. However, no development is possible without the interdependence of the material and the intellectual. Notwithstanding, in the essay quoted above, Tatarkiewicz [1978, p. 80] emphasizes that civilization can sometimes become dominated by technology, and it is then, and only then, that culture becomes threatened by civilization.

Oskar Hansen [2005, pp. 9–10] presented some interesting remarks on this subject, referring to Erich Fromm and his distinction between two basic forms of human existence: having and being. Having is a manifestation of the biologically conditioned desire to stay alive, while being is an innate need to overcome one's isolation by uniting with other people. Relating this distinction to civilization and culture, we could say that civilization is a reflection of having, as its essence is the material mastery of the world, while culture is a reflection of human existence as being, which requires justification – a meaning that emerges from the knowledge of the world and of oneself. The blurring of the difference between these two forms of human existence, and thus of the distinction between civilization and culture, leads to accepting consumption as an area of true individual autonomy [Bourriaud 2002]. If all that unites us is civilization, then we may well be an organized collective, but we can only become a society, a community, when we are also united by culture.

What is valuable in culture is that each individual co-creates it and each can have a different – subjective – perception; in turn, civilization functions through objectivization and universalization. I do not mean to contrapose the individual against communality – I only believe that commoning that which is individual is done differently in the areas of culture and civilization.

Culture and social change

Culture is an aggregate featuring several layers. I do not believe them to be essentially historically structured. Each contains both components of multi-generational heritage and elements that are contemporary. Their structure is primarily based on function. This layered approach to culture was presented by Al James [2005]. He distinguishes the visible outer layer, which consists of behaviors, artifacts, narratives, and myths; the middle layer, comprising norms that define desirable and undesirable behaviors and values that determine the content of what is good and what is bad; and finally, the deepest layer, constituting the cultural core, containing the assumptions and beliefs that are readily understandable, require no explanation, and are not subject to reflection. While this approach seems to me to be essentially correct, it does require some ordering. I think that the deep layer of culture is made up of fundamental values, understood as the axiological foundation of individual and collective identity – the intrinsic values of culture. They can also be called existential values, as they condition the existence of the individual as a person and of the society as a community.

The middle layer is comprised of norms defining desirable and undesirable behavior. This layer is responsible for the normative dimension of the social order, determining what is right. If this does include cultural values, then these are instrumental values, i.e., ones that enable the social participation of individuals and groups.

The outer, superficial layer of culture is made up of various kinds of artifacts and symbolic creations of people – such as codes, meanings, thoughts, or narratives. Their creation and sharing requires some medium – material (objective) or personal (subjective). Here we can consider cultural goods as objects or behaviors that serve to satisfy specific individual and social needs. These goods can be the object of economic turnover, and then we are dealing with economic values of culture. Existential values are not subject to direct economization, although they are necessary for the production of cultural goods, which can be economized directly.

Nicolas Bourriaud [2002] rightly states that we live in a world whose intellectual dimension can be synthetically described with the prefix “post” – it is a world of postmodernism, postcolonialism, postfeminism, posthumanism, posthistoricism; an era in which we see that what has previously existed is either in crisis and disintegration or has already reached its end. And we continue to anticipate a new synthesis, a global vision of the world, and a new era. He writes: “It is this prefix ‘post-’ that will ultimately turn out to have been the great myth of the end of the twentieth century. It points to the nostalgia for

a golden age at once admired and hated. It refers to a past event that supposedly cannot be surpassed, an event on which the present depends and whose effects it is a question of managing” [Bourriaud 2009, p. 183]. By remaining in such a state of mind, we are giving up on actively overcoming the crisis; at best we try to mitigate its symptoms and consequences using previously mastered and intuitively selected techniques. We seem to be hoping that the crisis will fizzle out on its own, that things will go back to normal, or that someone will make everything right.

If we are looking for a way out, then we see our salvation in escaping forward, expanding, even though it is not clear which direction is currently forward or who exactly could or should decide this in the modern world. Bourriaud [2002] argues that “escaping forward” makes no sense and does not help. Instead of marching forward without knowing where, it is more sensible to reach deep, go back to the roots, penetrate the identity of the institutions we know, recognize their real content, and revise it deeply and thoroughly. This will not be a paved road leading forward, but rather a labyrinthine, non-linear, and spatiotemporal journey, after which the social world will become more like an archipelago than a new continent. Making a significant social change does not require the social world to be reinvented and planned in its entirety according to a predetermined ideology. It can be done effectively and safely by combining and using the available resources and means according to a different formula than the one that has been prevalent until now. We do not necessarily have to conquer territories occupied by others or explore new ones. What we need is to reflect and debate on how to use creatively what we already have and what institutional conditions are required to make this possible.

I have been quoting remarks by Bourriaud – an outstanding critic of culture and visual arts curator – because they are good starting points for discussing culture as a source of social change. Reflections on culture are currently dominated by thinking about states, not processes. The focus is generally on the existing and established forms of cultural activity, on institutions of culture and the relationships between them. As a result, we perceive culture as a component of social reproduction, and not social change – emergence [Burszta, Czubaj 2011].

For my part, I am interested in whether and how culture can be a source of systemic (institutional) and developmental change. In principle, institutions “possess” knowledge and are simultaneously characterized by ignorance, which means that their participants are open to certain types of information while ignoring others. Institutions are permanently selective in terms of knowledge, which gives them the characteristic of limited reflectiveness. At the same

time, however, they are repertoires and generators of specific knowledge. This implies that, in order for an institutional change to take place, its intellectual source must – at least in part – come from outside the existing institutional system or at least from outside the distinct area of social reality “controlled” and stabilized by a given institutional segment. For instance, it may come from “living culture”, understood as the entirety of autonomous cultural practices based on unrestrained imagination and creative energy.

Another important condition for institutional (social) change is the existence of communication connectors (interfaces) between various and relatively independent structures of the social world. They enable the transfer and activation of latent knowledge, the sharing of existing knowledge, and the generation of new social knowledge. These social communication connectors are also activated by culture and the creative tension and energy it generates. The influence of culture and the action of social communication connectors allows organizations to change and evolve, thus contributing not only to the reproduction, but also to the development of the social world.

Andrzej Bukowski [2013] rightly acknowledges that social interaction – communication and interpretation of meanings – is an essential mechanism for the formation of institutional order. If cultural communality disappears, weakening the interactions between the individuals in a given community, then deinstitutionalization takes place. If, on the other hand, cultural communality is transformed, developed, and expanded, the collective is reinstitutionalized over time, which I see as synonymous with social change – a reconfiguration of society. By this I wish to signal that, just as culture transforms a collective into a community, so does the institutional order turn the community into a society, which is a specific social whole (system).

I therefore believe that every organization has its own cultural component. If social change is understood as institutional change, then it cannot take place outside of culture. Of course, social change does not only pertain to culture, but also to civilization; it occurs simultaneously in both these dimensions, but without a cultural component it does not occur at all.

In the development of civilization, what matters most is continuity and linearity. This does not mean that there are no developmental leaps resulting from the implementation of breakthrough technologies. The source from which the new emerges is, above all, culture – it is culture that is responsible for the emergence, i.e., nondeterministic development, of new forms of social existence. After all, culture’s essence is laterality, which does not undermine the view that it is also used to perpetuate and reproduce traditional forms. It contributes both to triggering social change and to maintaining social cohesion in the face of ongoing and historically inevitable change.

A fundamental difference between civilization and culture comes from the fact that civilization (the material) is first and foremost object-oriented, and its functioning results from parametric influence and adjustment. In turn, culture is modal (discursive) and subjective. And its most important elements are processoriented and evolutionary. Its functioning results from constant, though slow, transformation.

Social change always has a cultural aspect. The core of social change is not in its dynamism, but in its sociostructural and thus cultural dimension; it is contained in relations, not states of affairs. Social change cannot take place without a cultural overhaul. And in this sense, culture is one of the drivers of development – increasingly powerful and important in modern times. Therefore, ideological rigidity of culture is socially unfavorable.

We tend to see culture as a tool for bringing about social change and note its instrumental use. As such, this is not inappropriate and may prove to be very practical under certain conditions. However, it is important to realize that culture provides the foundation for the functioning of the community – it binds the community together. It is of key importance for the whole society that effective local solutions are replicable, which is possible only through open and intensive socio-cultural communication.

Economic and cultural values⁷

One of the problems of modern economics is the lack of an adequate theory of value that would allow us to appreciate and respect the differences between civilization and culture. This is compounded by the lack of an adequate economic theory of goods. The modern economy is more about services than production, and these services are increasingly intellectual rather than material. As a consequence, more and more goods that are important for development will be of mixed nature; they will be neither purely private nor purely public. Private entities will create them with a view to monetizing them, but, for various reasons, those who are unable to pay the market price cannot and should not be excluded from consuming these goods. This issue is particularly pertinent when it comes to intellectual property rights. Intellectual property cannot be protected in the same way as material property. Ensuring its exclusivity would lead to the privatization of culture and knowledge, hampering development and inhibiting human creativity and innovation.

⁷ This sections contains the ending I wrote for the Culture and Development handbook [Hausner, Karwińska, Purchla 2013].

An obvious manifestation of this phenomenon is the way in which large media corporations restrict the circulation of content on the Internet; this not only limits the individual expression of amateur artists but also – worse still – separates them from other participants of the virtual world, limiting its culturemaking expansion. This fundamentally inhibits the formation of new important roles in the social circulation of culture, such as “engaged content processors” or “online redistributors” [Rakowski 2012, p. 14–15]. When the channels of parallel and autonomous circulation disappear, all that is left is the official circulation of culture; in the absence of an alternative, culture then becomes ossified, and the potential for interactivity that animates culture grows weaker.

John Holden [2006] proposed the often cited division of cultural values into intrinsic, instrumental, and institutional values. It is undoubtedly inspiring and useful, and I refer to it further on when dealing with the economic values of culture. The latter seem to have been so far assigned to the realm of values that are defined by Holden as instrumental, but I believe it is more important to notice them in the realm of institutional values.

In recent years the slogan “Culture counts” has become fashionable. It shows, and rightly so, that culture is growing in importance in the economy. Its advocates try to quantify the influence of culture on the economy. This undeniably contributes to the development of the economics of culture, but the way of thinking about the relationship between culture and the economy has begun to move in the wrong direction.

Emphasizing that culture counts (has value) should be associated with the adoption of a few fundamental assumptions:

1. Culture produces various kinds of values – this includes but is obviously not limited to economic values. And it is precisely these non-economic values that are fundamental for culture. They are the soil on which economic values can grow,
2. It is impossible to determine what economic values are produced by culture without first defining our understanding of the economy (i.e., what is economic) and comprehending the ways in which the economy is influenced by culture,
3. How we quantify the value of culture seems less important than why – what is really worth measuring in relation to culture? What we measure and how we do it reflects our understanding of the role of culture in the economy.

The currently prevailing view reduces the economic value of culture primarily to its monetary value. Representatives of various companies are more than happy to present figures showing how the appropriate design of their products has increased sales. Researchers and analysts of regional development point to the value of the monopoly rent obtained by individual cities and regions thanks to their unique identity stemming from their cultural heritage. The contribution of creative industries to GDP is also calculated (with all the flaws and inaccuracies related to the methods of analyzing these industries).

It follows that the relationship between culture and the economy has so far been perceived essentially through the lens of: 1) economic growth (GDP); 2) the consumption of cultural goods (e.g., household spending, cultural participation); 3) the share of the cultural sector in the structure of the economy (e.g., creative industries); 4) the market for cultural goods, especially works of art (e.g., the scale of turnover).

Consequently, we describe the relationship between culture and the economy mainly through such categories as the market, turnover, profit, economic growth, and demand. The economics of culture has in practice become a component of the neoliberal economic paradigm. Within this paradigm, culture is treated as a factor of production and an economic resource. Thus its significance for the economy is boiled down to the product (outcome).

The approach to culture that has prevailed so far is a gross and dangerous oversimplification. Adhering to the neoliberal/market paradigm, we quantify the economic value of culture in order to determine whether something is profitable, thus reducing that value to market value, and equating cultural goods with commercial and private goods. Therefore, what counts is culture's direct profitability. We measure and calculate the value of culture in order to decide what should be financed and how. As a result, cultural policy is reduced to allocating public funding to cultural organizations and selected cultural goods.

Meanwhile, the relationship between culture and the economy should be understood in much broader terms, with culture defined as: 1) a foundation (social underpinning and embeddedness) of economic activity; 2) an economic resource; 3) a factor of production; 4) an essential component of the development mechanism.

Such an approach allows us to perceive the relationship between culture and the economy not through the lens of growth, the market, and demand, but much more broadly – by referring to development, to the economic order (the institutional setup of the economy), and to the supply of various forms of cultural capital. It should be noted that the use of (symbolic) cultural goods entails both their consumption and production, which implies that cultural resources are an inexhaustible economic resource. Culture as a resource differs

from traditional raw materials not only because it is a renewable resource, but also because its use entails its multiplication. At the same time, incorporating cultural resources into economic activity triggers a process of changing the economic mechanism. This produces more opportunities to tap into and multiply cultural resources.

The proposed approach does not lead to contraposing the economic and noneconomic value of culture. In turn, equating the economic value of culture with market value implies striving for maximum commercialization, which weakens and marginalizes culture's influence on development.

I cannot agree with Ruth Towse when she states that culture and art are governed by the same economic principles as all other activities [Towse 2010, p. 237]. My objection comes from several points:

1. I do not agree that there are any universal or timeless laws of economics that are set in stone; on the contrary, the rules of conducting business change and evolve over time,
2. The sets of basic economic principles operating in different economic systems (in different countries) are at least slightly different,
3. In general, business operators have some choice when it comes to the legal formula of their economic activity; thus they may select the set of applicable rules,
4. Public authorities adjust the rules applying to various sectors (e.g., health-care or forest management), at least to some extent,
5. Even with regard to a specific type of activity, public authorities can favor its certain forms and expressions,
6. Different sectors of economic activity, including those that are marketized, are governed by different economic mechanisms, with their own characteristics in terms of investing, production, and sales. This also applies to creative industries, which have their own specific self-regulation of property rights distribution, which is subject to constant modification,
7. There are areas of human activity, and culture is one of them, which can only be marketized to a limited extent. Their full marketization is not possible, and their excessive commercialization is socially detrimental because it blocks their development.

My polemic with Towse's thesis does not mean that I disregard the need to comply with the requirements of rational action (in the praxeological sense) when organizing culture and evaluating the effectiveness with which financial resources are used. Nevertheless, comparing the microeconomic effectiveness of cultural organizations with the effectiveness of other types of organizations must take into account the fact that cultural organizations face

strong and impassable limits to improving their financial result. Expenditure can be rationalized, but it cannot be reduced, as this would mean a reduction in the cultural value of the activity and lead to an “artistic deficit”, which would be socially pointless. To be socially useful, cultural activities must be unique and original; therefore, they are not easily standardized or economically rationalized like mass production or services.

I strongly oppose the broader macroeconomic implications of Towse’s thesis, as they lead to the domination of economic value (specifically market value) and to primitive economism. At the same time, they turn economics into an acultural science that disregards values or, more specifically, focuses only on a select few in a narrow economic sense. In fact, Towse seems to at least partly recognize this problem when she notes that Pareto optimality, long considered to be an objective and universal economic formula, contains hidden value judgments [Towse 2010, p. 268]. Thus, this formula is not only false (nonfactual, as it assumes that there are no public goods and that individuals are the only ones acting), but also biased. This bias in itself does not necessarily disqualify the formula, provided that its advocates are aware of it and are forthright about its existence.

I am therefore firmly convinced that the commercialization of culture must be limited. This does not mean that it should be blocked entirely by excluding culture from the market economy completely; the exact constitution of such limits remains an issue for debate.

It is culture – common values, codes of behavior and symbols, and understanding of meanings transmitted and shaped since the dawn of the socialization process – that determines the level of social capital, creativity, trust, social cohesion, activity, and participation. It shapes all the intangible but economically essential factors that are decisive in obtaining lasting competitive advantage in the 21st century economy.

The effective response to the current global crisis does not consist in supporting the creative industries. It is the economy itself that must become creative. Marketbased economic systems are unavoidably affected by fluctuating conditions, but this does not have to lead to disasters in the form of a profound market collapse. Subjective diversity can offer such systems resilience in this respect. New ways of responding to structural challenges and crises are then activated in the economy, making the system develop and evolve. This only happens when a society has enough creative potential which emanates directly from culture. Thus, the space of culture becomes a space of development, and the impact of culture on the economy and development is achieved through the high cultural competence of individual citizens.

Development and culture

Jürgen Habermas considered the ways in which the unity of the world of life could be maintained despite the growing diversity its spheres of significance. He believed that the answer to this great modern (postmodern) challenge resides in the axiologically creative and socially active individual. This vision is a romantic and attractive one, but is it sufficiently realistic and feasible? Can it really bring about social cohesion among the different collectives, turn them into communities, and result in the constitution of social subjectivity? Edwin Bendyk finds this doubtful: “The youth of today are individualists seduced by consumption, constructing their personal identity primarily from the models and resources of culture, especially popular culture. Their way of being in society consists in creating impermanent ties and experimenting, which applies to even the most intimate of relationships” [Bendyk 2012, p. 149].

Therefore, if we look to culture for opportunities to subjectify individuals, we must note that culture not only liberates them, but also attributes them socially and binds them. Such bonds enable individuals to act, but also hinder them, and sometimes even shackle them. Therefore, if we wish to activate the socially liberating energy of culture, we should strive to:

- encourage culture, as the main area of individual activity and creativity, to also be a space of collective communication, discourse, collaboration, and social innovation,
- allow a multiplicity of cognitive perspectives and languages of social communication,
- promote dialogue in the social discourse, which includes using open and inclusive concepts and eliminating concepts that are closed and exclusive from the language of debate; one example of the latter can be the notion of “national heritage”, which has at some point displaced the much broader concept of “cultural heritage” in Polish discourse,
- oppose linguistic and cultural hegemony, and indeed all forms of hegemony (such as the dominance of mass media in societies – the currently preeminent form of cultural hegemony), choosing words and using language not to preserve and reproduce ideas and mental constructs, but to redefine them in the context of contemporary challenges,
- keep asking ourselves questions about our past, born of the present, in order to discover new paths into the future,
- consider culture as a field of axiological discourse,
- demand that participants in the public discourse disclose their axiologies candidly and are open to intellectually confront them with the axiologies of others.

In this way, we can cause culture not only to react to technological development and material/production activities (civilization), but also to condition and direct this development.

This approach should be reflected in cultural policy – in the expectations expressed towards this policy and in the way it is carried out. The starting point should be a reflection not only on what we want from cultural policy, but also on what we definitely do not want. More precisely, this reflection should pertain to what we need to do and what we need to have at our disposal in order to prevent the undesirable from happening or at least from dominating the sphere encompassed by cultural policy. The state should, therefore, not be regarded as a supreme and infallible force, but as a public partner, either able and willing to cooperate with other, autonomous entities (including non-public ones) or not.

Limiting the commercialization of culture cannot be achieved only through the actions of the state and the establishment of certain formal legal barriers. Barriers resulting from social attitudes and behaviors are required as well – also because of the importance of social bonds based on kindness and reciprocity. We must ensure that they are not displaced by contractual and purely economic relations. Here we arrive at the significance of axiological systems – ideologies that are sets of fundamental values constituting the identities of specific social groups. Such an ideology must also contain a vision of a desired social system in which these values would be realized. It is therefore a projection of a good social system. What was once called an ideology is now often called a narrative. An ideology is a form of an open declaration of values. The ideas contained within speak to people more through images than through words. They must be symbolized somehow to trigger social emotions and liberate the imagination, to become a source of strong motivation, an imperative to act. They become the material and instrument of social change [Baczko 1994, p. 41].

I do not think we need to distance ourselves from ideologies as such. Their formulation and articulation is a natural need, especially for groups that find their social position unsatisfactory. Nevertheless, certain ideologies can become dangerous when they enter the political agenda of those in power. Then they gradually lose their axionormative expression and become instruments of political and cultural hegemony. Such an ideology is then used to enforce a culturally homogenous model of society and community – its communality is imposed from the top down and hierarchical, limiting and blocking development even though the original ideology was initially supposed to be a source of great social change and transform the existing order. An ideology incorporated into the cogs of political power becomes a tool for legitimizing and consolidating the existing order to the extent that it restricts its adaptability.

This serious threat is mitigated by democracy, in particular by political pluralism and freedom in the sphere of culture, especially artistic freedom. The importance of artistic freedom cannot be overestimated as it is artists who navigate the social imagination. They are able to deform the dominant developmental imagination.

Culture has its spatiotemporal demarcations, but they are flexible, based on imagination, and thus easily transgressable. As soon as imagination is activated, culture opens up and heads for a new dimension of space-time. It incorporates new territories, where it mixes with other cultures. However, sometimes this ability is limited or even eliminated from a culture, especially when the latter becomes a component of a totalitarian ideology. Then its spatiotemporal demarcations are made more rigid and can no longer be so easily transgressed. The culture then loses its "vitality" and becomes official and monadic. Intercultural communication disappears. Selffocus and selfreferentiality become prevalent, and the culture loses its liberating power. It reinforces the identity and cohesion of a particular community, while also becoming a barrier to its transformation. In extreme cases, it excludes the community from the wider cultural circulation and turns it into a heritage park. It allows the community to last but degrades it in terms of development.

A culture that is closed (self-focused and selfreferential) mainly gives rise to ideas that close it further. This makes it autonomous and cohesive but also results in its ossification. The culture ceases to be a power source for new cognitive perspectives. It restricts creative thought and artistic freedom. It condemns the community to nonalternativity, which always proves detrimental to development over time. Culture ceases to act as an intangible developmental spiral, a social mechanism of discursive communication that stimulates imagination, modifies cognitive tools, serves to form new cognitive perspectives, and generates social knowledge.

Whether a way out of the crisis, a path leading to the opening of new developmental opportunities, can be found in the sphere of culture depends on the functioning of the modern public space, understood as the territory where civic community can be formed and actions can be taken for the common good (collective benefit). As a result of the rapid commercialization of various forms of human activity, this kind of space is diminishing. A clear testimony to this are the large cities whose territory has been swiftly commercialized in recent decades given over to private ownership while what is public and communal has been displaced to the margins.

Consequently the cultural potential of big cities has been wilting despite the clamorous recalling of the concept of creative cities and the emphatic underscoring of the significance of creative industries. While there is no

doubt that commercial and marketdriven enterprises form a part of cultural potential, the wholesale commercialization of culture narrows this potential and diminishes culture's contribution to social and economic development in general, including the development of big cities. In addition, the idea of the creative city is often a facade obscuring the practice of copying solutions that have elsewhere proved their worth in the sense that they brought some spectacular success and made the headlines. The "Bilbao effect"⁸ becomes a caricature when culturemaking is reduced to constructing some huge building designed by a "starchitect" [Obarska 2016, p. 69].

Stressing the importance of the public space, I wish to signal the need to distinguish at least three of its dimensions: 1) material (physical) – the organizational and technical infrastructure of discourse and cooperation among citizens; 2) institutional – the collection of values, norms, and rules followed by citizens acting in the public sphere; 3) communicative – the repertoire of various means and forms of civic communication and dialogue; part of this dimension is formed by virtual space, wherein information technologies have enabled the swift exchange of massive amounts of communication at great distances.

Noting these basic dimensions of the public space enables us to recognize the multiplicity and diversity of its components, such as libraries and media centers, facilities for cultural and civic activities, public cultural institutions, public utility buildings, public social networks, public media, forms of social mediation, social awareness campaigns, citizen observatories, public hearings, social covenants, and others.

Maria A. Potocka published some interesting remarks on the subject: "We therefore have two conditions that define the public space: the first is some life function, the second is ideological democratism. These result in two prohibitions concerning the public space, the first being that its life function must not be disturbed, the second that no ideas must be imposed on it" [Potocka 2008, p. 237]. Failure to meet these conditions leads to the disappearance of the public space. And this is tantamount to the disappearance of society, as the latter then has nowhere and no way to express itself. As aptly noted by Anna Giza [2013, p. 101], the replacement of social dialogue with surveys is a telling sign of neglecting this issue.

The actions and solutions mentioned above are necessary to effectively address the key challenges related to culture in Poland, among which I include:

⁸ The Basque city of Bilbao in the 1990s was an industrial center in decline it became an iconic example of revitalization after the implementation of a comprehensive plan focusing on cultural investments, which included the construction and opening of the Guggenheim Museum.

1) strengthening the creative potential; 2) increasing the ability to make use of and (re)interpret cultural heritage; 3) carrying out a profound transformation of the education system with regard to culture, art, media, and citizenship; 4) developing a new, interactive order in the area of social communication, especially public media, that will ensure universal access to cultural heritage, knowledge, and information; 5) shaping public spaces that will generate civic and communityforming activity.

Meeting the challenges listed above is crucial if we wish to reorient the Polish economy in a direction that promotes innovation.

Cultural heritage and development

The formation of community under conditions of economic openness (market economy) can only take place if the culture is dynamic – vital and open. Of course, some cultural components are more permanent, defining the cultural identity of a given community, while others are more adaptable. The key is in the proportional distribution of these components. A vital, open culture is decidedly more inclusive, while a static culture is more exclusive.

The identity of modern man has many layers and much broader spatiotemporal references than ever before. Local, regional, national, international, and global identities overlap. It is no longer peculiar for someone to consider themselves a Florentine, a Tuscan, an Italian, a European, and a citizen of the globe, all at the same time.

Cultural heritage is understood as that which has been passed on to us by our predecessors, rather than being presently produced by us – their generational successors. However, this would mean that cultural heritage encompasses almost everything, and it is obviously impossible to inherit everything. That would be too much of a burden, an encumbrance. Therefore, it is only a part of this cultural legacy that we, the present, consider valuable and treat as a developmental resource, actively incorporating it into our actions and making good use of it. In order for development to be possible, some part of this cultural legacy must be rejected.

To utilize this heritage is not to protect and conserve it. The dominant approach today is heritage management. What is it about? Generally, it is about making a reasonable selection, rejecting some parts while assimilating and processing the rest. In each case the use of heritage is a function of interpretation and critical reference. Without this, we are left with nothing but conservatism; and while this attitude is socially useful and must not be eliminated, it can lead to stagnation when unaccompanied by critical reflection.

It is therefore crucial for development that the cultural heritage is processed by each successive generation. It is not only about its evaluation – the identification of its significance and value. What matters more is the ability to create new value from the most valuable components of heritage. The point is not to simply consume heritage, to monetize it or celebrate it, but to process it, adopting an attitude that is both critical and creative⁹.

Social knowledge is an important component of innovation, as the latter is not only a technical phenomenon, but always a socio-cultural one as well. Culture is therefore essential in eliciting and creating certain competitive advantages in the economy, thus stimulating its development.

There will always be a temptation to use heritage to achieve quick economic benefit. This can be exemplified by the rapid commercialization of historical city centers – in Poland, this practice has become ubiquitous. The historical city centers are fertile soil for the cropping up of restaurants, hotels, shopping malls, and apartment buildings, which results in growing income. However, the cities that have already went through this process are now experiencing its negative effects. With time, the urban centers developed in such a one-sided way become empty, and the income and value of the land begins to fall. The commercial boom comes to an end and collapses. This is the inevitable effect of ill-considered commercialization of heritage, resulting from neglecting the process of creative valorization, i.e., processing heritage in a way that would enable the creation of new values.

Cultural heritage is like a forest. In both cases we can distinguish existential, social, and economic values. Existential values are self-contained; they do not depend on the living, but they do condition their lives. Social values meet our important needs directly, giving us satisfaction. Economic values provide us with the income necessary to, among other things, maintain the forest and protect and develop the heritage.

In both cases, in order to maintain existential values, the use of social values must be regulated, but it must not be eliminated because this would reduce the social awareness of the existential values supplied by the forest and the heritage. At the same time, the use of economic values must be allowed,

⁹ One example of an active approach to cultural heritage is the restructuring of the Ruhr area. In this case, it was primarily about giving new use to the existing industrial heritage – to what remained of the mining and steel industry. Both these industries were in decline in the 1960s, and most of the companies in these sectors were being shut down. However, some of their resources were incorporated into other sectors of economic activity; this included competencies related to engineering, technical creativity, teamwork, and broadly defined collaboration, also with regard to managing complex organizational systems.

but only to an extent that does not disturb the existential values or eliminate the social ones. If maintaining a forest complex or an important component of heritage is not feasible with the income that it generates, then supporting it with public funding is justified. Which is all the more reason why they must not be fully commercialized. Citizens must be able to use them in a regulated way, even if this would involve paying some reasonable fee, e.g., for entering a national park. Even if an opera house in a given city has to be subsidized, it is nevertheless important to make sure that citizens who do not regularly attend this venue have some access to it; e.g. an open-air concert could be organized annually, with free or nominal admission charges. Only then will the residents conclude that the city's financing of the opera is justified.

It is therefore prudent to produce economic goods both from the forest (wood) and from the heritage (e.g., selling the rights to perform popular music), but this does not mean that either the forest or the heritage can be commercialized. If this happens, they will cease to generate existential and social values and will gradually disappear. Of course, the question immediately arises as to what institutional solution is needed to ensure that a balanced approach to these three types of values and the associated goods is feasible and sustainable. The complexity of this issue implies that the required solution will be equally complex, which is particularly true of cultural heritage because of its multifaceted nature.

In the case of heritage, the solution must take into account the need to activate several parallel processes – identification, protection (conservation), management, and interpretation. These processes can hardly be managed by a single entity. A single actor may play a central role here, but they must be accompanied by others in this task. A national heritage office certainly cannot be the only entity responsible for managing heritage because then we would be dealing with wholesale nationalization of heritage, which would significantly limit its participation in development and promote authoritarian attitudes.

In practice, prodevelopmental management of cultural heritage requires the participation of many different actors – art historians, conservators, museologists, artists, cultural managers, and responsible politicians, but also citizens, private owners of real estate and movable assets, as well as entrepreneurs. There can be no perfect system of cooperation among them, no solution that can be established once and for all. It must be corrected and adapted to the changing social and economic conditions. For example, the richer the society, the greater the extent to which its heritage can be maintained and developed by private individuals.

Rather than thinking about copying a particular system of managing heritage or designing a comprehensive system from scratch, it is probably more sensible to systematically monitor and evaluate the existing solutions, recognizing their functions and dysfunctions in order to reinforce what works well and fix what works poorly while protecting the system from ossification and degeneration. It is not so much the system that needs to be designed as the mechanism of its adaptation and correction. It is particularly crucial to maintain communication and discourse between the system's various stakeholders so that they remain willing and able to participate in the management. This does not preclude public authorities from resorting to commanding measures if need be. However, the effectiveness of such measures is associated with their limited use. The application of force is always costly, while using one's authority is cheaper and, more importantly, it is necessary anyway in order to employ commanding measures effectively.

Cultural policy

Supporting the formation of social capital is a particularly important function of cultural policy. In practical terms, this can consist in developing the ability to communicate and cooperate through the process of education as well as in encouraging various types of social partnerships. This is possible provided that we do not reduce culture to a particular type of economic activity, but instead appreciate its fundamental significance for social cohesion and quality of life, accentuating its extra-economic values. Culture can fulfil its developmental functions when, rather than being used by public authorities for territorial marketing and promotion, it remains a vital dimension of the residents' activity. This should be the direction of public policy.

Social partnership should be stimulated by politicians and local government, proposing plans for the development of a given territory and encouraging the inhabitants to actively participate in their formulation and implementation. On the one hand, partnership can be stimulated by rules that enable citizens to take part in public activities and, on the other, by launching projects that are important for the citizens and to which they can contribute. Though the former is often overestimated, both the procedural and the substantive dimension of cooperation are important.

Cultural organizations can be fiscally supported through preferential taxation provided that their activities are not strictly commercial but are carried out, for example, in the form of social entrepreneurship; donations made for such activities can also be made tax-deductible. Some countries apply the

principle of matching funds, according to which public funding is proportional to the amount of private funds raised.

Cultural policy needs to take into account whether private capital is involved in cultural activities on a sufficient scale. If not, then public funding must be correspondingly increased. Of course, the involvement of private funds should be encouraged by creating appropriate conditions, so that it is not displaced by easy access to public funding. On the contrary, public subsidies should have the effect of attracting private funds – they should be a certificate of high artistic (cultural) quality.

The social content of property and its forms are subject to change. This has a fundamental impact on the mechanisms of development, including the role of culture. On the one hand, the modern economy is opening up to creative industries and the commercialization of cultural goods; on the other, intellectual property is becoming a basic resource and component of development. This is what makes the issue of limiting the commercialization of culture so essential. In the sphere of culture, it is becoming increasingly important for many different forms of property to coexist and be experimented with, so that various new forms of hybrid property may emerge. One such example is crowdfunding.

Today the concentration of intellectual property appears to be particularly dangerous. Political hegemony is increasingly based not on material property and physical violence, but on intellectual property and cultural violence. Supporting diversity among the forms of intellectual property and balancing the power of various social groups by encouraging a just division of intellectual property rights is becoming crucial for maintaining democracy and freedom – without such efforts, development will disappear. Promoting various forms of intellectual property is a practical way of preventing cultural hegemony and curbing the commercialization of culture.

We need institutional and technical solutions that will inhibit the creation of further forms of monopoly on information and knowledge. There is no doubt that such a monopoly will inevitably continue to be pursued by either business entities (the market) or political authorities. The said solutions, which include limiting the commercialization of culture and the resources of cultural heritage, are therefore indispensable. However, the strongest safeguard against such monopoly comes in the form of civic activity in defense of freedom of speech and communication. This cannot be reduced to expressing dissatisfaction and protesting. In the long run, rebellion is not enough. It is necessary to actively employ all available forms of civic communication to express opinions, formulate common goals, and cooperate in achieving them.

Conclusion. Culture and development

Mainstream economics, which has dominated economic education and research for decades, is fundamentally acultural. And as such, it is unable to appreciate that the economy remains rooted and coded in culture.

Culture, in order to thrive, must be an open space of sensemaking social interactions. And in order for this to be true, it must be simultaneously an axiological, interpretative, and communicative space as well as a space of exchange (and not just market exchange).

This approach makes it apparent how narrow and destructive it is to reduce culture to a particular type of economic activity, namely creative industries. Instead of narrow-mindedly reducing culture to a single part of the economy, we should look at the economy as a culture. Only then will we find a path leading from culture to development – both for individuals and the society at large. And only then will we correctly interpret the relationship between civilization and culture, recognizing that the economy, in order to develop and benefit the society, must be both civilization and culture. Therefore, questions about meaning and ethics must not be pushed out of its scope, leaving behind only the issue of efficiency.

Cultural potential becomes developmental potential only when we properly associate tangible and intangible resources in our actions. The general principle of such a relationship is as follows: intangible asset cannot be generated without tangible ones, but the value of the latter (i.e., the value of what we can generate with their use) can be multiplied by the proper use of the former.

This principle can be easily understood with regard to a company, organization, or city, but it is also applicable at the macro level of the society, state, and economy. Notwithstanding, its operationalization at this level is much more challenging and involves the formation of a specific institutional order and the pursuit of appropriately oriented public policy, as enabled and determined by the said institutional order.

In practice, this must entail genuine integration of culture into the mechanism of socio-economic development. This requires several fundamental assumptions:

- The foundation of proper relations between culture and the market is education,
- For a policy of equal opportunities to work, it is essential to ensure access to cultural capital, especially by promoting diverse cultural competences,
- The right to access and participate in culture should be recognized as a fundamental right of the individual,
- Creativity develops through the stimulation of cultural needs,

- Shaping cultural needs and competences stimulates development,
- Strengthening enclaves of creativity is essentially the most important means of getting out of developmental drift,
- It is necessary to allow for the diversity of organizational and legal forms of cultural activities and competition between them,
- Culture cannot be privatized or commercialized; its fundamental part must constitute “communal property”, a common and shared resource, according to broadly defined creative commons principles,
- Network economy requires social communication and cultural competences,
- Society and culture are not just intermediary institutions between the state and the market, and if they do not achieve the necessary level of self-organization and autonomy, neither the state nor the market will function well,
- Development is not about dynamics or intensity, but about evolutionary social change; it is an answer to the challenges facing the social system,
- Development is a trajectory determined by both civilization and culture.
- Culture is not just the substratum and context of development, but also its key mechanism and dimension.

Culture can serve development well, but, when development is lacking or collapses, and people being to fight for a limited pool of material resources, culture also reveals its negative aspect – it imputes and stigmatizes.

At the same time, however, it is not the case that any community can function without culture and that culture must be brought in from the outside as if into a cultural void where there is nothing of social value. In order for culture to serve development, it must not be imposed from above. However, it is necessary to liberate cultural activity and stimulate the cultural needs of the inhabitants. Therefore, this is not about creating a new modernist reality on the ruins of the traditional world, but about a bringing about a gradual and empowering transformation of its components.

We can assess the economic utility of the deep and intermediate layers of culture, but we cannot carry out their economic valuation. In this context, the category of economic efficiency is only marginally useful, if not completely useless. This issue is tackled, for example, by economic law theory, which, among other things, investigates what solutions pertaining to the protection of industrial property or patents are more effective in serving economic innovation. It is worth noting that in this context we talk about “effectiveness” in the sense of productiveness, and not “efficiency” in the narrow economic sense of the ratio between costs and benefits (profitability). Something can

be productive and bring about significant social benefits without being economically efficient. And it is in the mentioned layers of culture that this occurs. They do not have to have a market (economic) value, but are necessary for this value to be produced at all.

If we include culture only among resources and developmental factors, then we treat it as a raw material for making products, in a manner that is exploiting and narrow. If we perceive it as a component of the developmental mechanism, we must assign to it the status of an autonomous and autotelic dimension of social life. It then performs its instrumental functions, but not only. Recognized as an autonomous dimension of human activity and promoted for its autotelic values, it will provide instrumental values better and more comprehensively. In turn, deprived of anthropological significance and impact, it will gradually wither despite its instrumental usefulness.

The following remark by Władysław Tatarkiewicz fits well into the summary of this text: “There is an exchange going on between culture and civilization: highly cultured individuals contribute to the progress of civilization, which in turn contributes to the cultural improvement of other individuals” [Tatarkiewicz 1978, p. 84]. If we consider the current crisis to be a crisis of market civilization, then in order to find a way out, we must surely look to culture – understood not in economic, but in anthropological terms. Only in this way can alternative thinking gradually emerge and become the basis for a deep transformation of our civilization.

Finally, I would add that, in order for culture to actually provide a path out of the systemic crisis, we must first adjust our views of its relations with the economy and politics. Until now, the dominant belief has been that culture becomes relevant and useful when it is incorporated into the economy (creative industries) and politics (critical art). It is time to turn the tables and think about ways of making the economy and politics part of culture. It seems to me that, otherwise, neither they nor the society will be able to develop.

AFTERWORD

The present fundamental civilizational change lies not only in the fact that symbolic, intangible goods and services – including cultural goods and services – are accounting for an increasing share of production and consumption, but also that, in the mechanism of economic development, the symbolic sphere is taking over the role that has so far been played by the material sphere. And this results in changes not only to the economy but the society and the state as well.

Market valorization, which consists in the commodification of goods and services, can no longer be regarded as the overriding and dominant mechanism of economic value creation that is bound by no limits. While necessary for economic development, it cannot eliminate the other mechanisms because this leads to economic collapse. The same is true when the market valorization mechanism is forcefully marginalized. Today, in light of the global economic crisis, it is evident that market valorization will not be effective if we do not allow other mechanisms of economic value creation to operate and if we neglect to broaden the space for their operation.

Such mechanisms will only be generated if various organizational forms, other than private and commercial enterprises, arise with sufficient intensity in the space-time of economic activity – this includes hybrid forms resulting from the merging of different organizational forms. However, the coexistence of different valorization mechanisms in a given economy requires favorable systemic conditions such as proper cultural education and a robust social economics.

In general, we fail to notice these new alternatives mainly because we linger on the path well trodden and remain shackled by the dominant thought patterns. For example, debates between representatives of the worlds of culture

and economy habitually lead to one of two extremes – either embracing creative industries and modern commercialization or hiding under the wings of state patronage.

The neoliberal revolution has pushed the modern economy towards widespread commodification and excessive consumption fueled by credit (credited consumerism). To overcome the current crisis, we need to reverse this trend, but, in order to do so, we need to tap into the resources of culture and open widely the space of relations between the market, the state, and civil society, enabling different actors to apply various existing and novel methods of producing economic goods and values. And this requires the resources controlled by different types of organizations to be pooled together in partnership.

The starting point should be the simple constataion: the economy is not the same as the market. The state, even a neoliberal one, is inevitably also an economic entity. Even if it was deprived of its ability to engage in the economy directly (as an owner and investor) and the public sector was eliminated from the economy (which is both unfeasible and absurd), the state would still be a great economic entity for at least two other reasons – purchasing (public procurement) and the redistributive functions of the budget. Even in countries governed by ardent neoliberals, financial streams amounting to at least 30% of the GDP flow through the state budget, and this figure is, on average, much higher in developed marketeconomy countries.

Since the state is inevitably a vast economic organism, it is impossible to separate it from the economy. The “either the market or the state” argument becomes nonsensical. The state and the economy are complementary and autonomous to each other, which requires us to consider how to ensure their effective and efficient cooperation. Notwithstanding, the recognition that the state cannot be separated from the economy should not lead us to support some form of symbiosis between the two because in practice this would imply economic statism and the abolition of the market with all the consequences known from history that our region has experienced particularly keenly.

Of course this does not mean that the relationship between the state and the economy is no longer so important and can be arbitrary. It is fundamental to recognize that the state is and must be an economic organization that participates in the market, but it also is and must be a political organization that regulates and constitutes the market due to its role as the legislator and enforcer of the law. The practical implication is that the state must consciously limit its direct economic involvement to be able to effectively fulfil its external (political) functions with regard to the economy. The more extensive its economic activity, the more the state becomes a participant in the market game and the less effective it is in terms of market regulation.

Hence, unorthodox supporters of the market economy generally believe that it is necessary to strike a proper balance, some “happy medium” with regard to the relationship between the state and the economy. They continue to deliberate on and search for this balance in the belief that the market and the state are the most important institutions regulating the behavior of economic actors.

However, this is simply not true. The essential error lies in the assumption that a lasting systemic (institutional) equilibrium can be achieved. Modern societies are constantly changing, and no permanent balance can be achieved. Every state of equilibrium is temporary and unsustainable. The relationship between the state and the economy is and must be variable. Resorting to swinging the pendulum back and forth yields nothing.

Solving this dilemma, i.e., achieving the ability to create a “relative balance”, requires yet other institutional mechanisms to be permitted and employed. The role of the state is not only to participate in the market and to regulate and constitute the market, but also to create and promote other mechanisms of coordinating collective (social) action that refer to other motivations than just the pursuit of profit or domination. Then the state becomes a “metaregulator” of sorts, whose purpose is to enable the transition from one institutional order to another, depending on the changing circumstances and the nature of the successively encountered threats and challenges. This is extremely difficult, as it involves the state’s particular ability to consciously bring about institutional changes and form institutional solutions through complex reflection on the effectiveness of the already existing coordination mechanisms. This can hardly be achieved without civic discourse and broad partnership. Moreover, it requires a space for social experimentation on a micro-social scale, so that the usefulness of various solutions can be tested without the risk of embarking on the path of totalitarianism.

My argument corresponds to David S. Landes’s remarks about the sources of wealth and poverty of nations. In his view, if there is a lesson to be learned from the history of economic development, it is that “culture makes all the difference” [Landes 1998, p. 516].

But Landes adds that “culture does not stand alone” and is often thwarted by “bad government” [p. 517]. His reasoning leads to a clear conclusion: culture and “good government” (in other words, a government capable of creating a good institutional order) is a combination that determines the wealth or poverty of nations. Landes draws attention to the central importance of social learning mechanisms in developmental processes and the need to embed them in a culture of rationally planned experimentation: “The one lesson that emerges is the need to keep trying. No miracles. No

perfection. No millennium. No apocalypse. We must cultivate a skeptical faith, avoid dogma, listen and watch well, try clarify and define ends, the better to choose means" [p. 524].

There is a growing chorus of voices saying that one of the critical problems of the capitalist system is the breaking of bonds between the market and social values. Daniel Bell remarks that: "Modern economics has become a 'positive science' in which the ends to be pursued are assumed to be individual and varied, and economics is only a science of 'means', or of rational choice in the allocation of resources among competing individual ends" [Bell 1978, p. xii]. This is also reflected in the writing of Lester C. Thurow [1996, p. 275], who believes that capitalism does not provide answers relating to values, as these depend on individual preferences. Therefore, such ideals as honesty or equality are absent from capitalism.

The fundamental question is whether the rift between the market and values is inevitable and stems from the nature of the market, or whether it is a consequence of a specific, capitalist model of market economy in which the commercialization of goods knows no bounds.

The latter reasoning is adopted by, among others, Michael Sandel [2012], who offers numerous examples that widespread commercialization leads to the instrumentalization of existential values. According to Félix Guattari, as discussed by Nicolas Bourriaud [2002, p. 94], this results in the homogenization and reification of human behavior, which essentially weakens the spirit of entrepreneurship and creativity in the free market economy and leads to its collapse, as the foundation of the process of economic value production is eroded. Guattari [1992, pp. 26–27] believes that integrated capitalism, which transforms existential territories into consumer goods and directs subjective energy towards goods, functions in a neurotic mode: it produces an "immense void of subjectivity" and "machinelike solitude". As a result, the free market economy loses its grounding, becomes exploitative, and its sustainability is gradually eroded.

The perception of the negative manifestations of freemarket capitalism is spreading. Critics point out, for instance, that economic activity has become dominated by short-term focus, well expressed by the term "quarterly capitalism". Long-term intention systematically loses out to short-term action in the management of companies [Barton, Wiseman 2015, p. 99–100]. Shortsightedness is an acquired defect, a sequela of narrowmindedness manifested by profit-centric orientation of company managers. The company's value and its ability to generate value have been equated with the amount of profit, which by definition is calculated in periods lasting no more than a year. Thus, the company's functioning in the long term is perceived as a series of short periods.

Such thinking is becoming more and more anachronistic as intangible assets are accounting for an increasing share of company assets, and their use and accumulation takes place in a different cycle (mode) than tangible assets. The accounting of companies hardly considers this, which automatically impedes engaging in action oriented towards generating company value in the long term.

Cases of undermining the axionormative foundations of the market economy are proliferating, which is particularly evident in the functioning of capital market players. The global financial corporations dominating these markets have created financial products and mechanisms that allow them to profit regardless of whether the market is bull or bear. They reap high premiums for risks that they effectively pass on to others, which cultivates greed and erodes responsibility. And this gives rise to social opposition and rebellion.

Andrzej Sławiński [2019b] recalled the figure of John Bogle, the recently deceased founder of the Vanguard fund – the first index fund. In his popular books, Bogle described the erosion of the ethos of financial institutions, which ceased to be trustees caring for the interests of their clients, becoming instead salesmen charging high fees for their services. According to Burton Malkiel's calculations, between 1980 and 2010, the assets of American investment funds increased 135 times, and income from their fees increased 141 times. This means that these investment funds have taken over all the income from the growth of their business. At the same time, their number increased from six hundred to nine thousand. This clearly shows the results of making managerial remuneration dependent on the size of dividends for the owners. In this case, the resulting conflict of interest between managers and stakeholders elevated the income of managers as well as the fees of fund participants. When we consider that this was accompanied by the neoliberal loosening of financial market regulations, which reinforced the asymmetry of information among the market participants, we can clearly see the actual reason for the disappearance of real competition in the capital markets.

Leszek Pawłowicz [2019] considers these phenomena to be deviations from the norm. For me, these are pathologies that have become the new normal. Bogle rightly considered these phenomena to be associated with the erosion of ethos, and not just with faulty mechanisms and regulations [see Bogle 2014]. If there was no breakdown in ethos, such mechanisms would not be introduced, and such regulations would not be established. The erosion of ethos has truly broken the relationship between financial activity and morality. Greed has displaced ethics, and thus the axiological reference of management has disappeared.

If we wish to eliminate the pathologies of the modern market economy, we need to turn towards value economics. And this requires a critical look at the paradigmatic foundations of neoclassical economics, namely:

- Methodological individualism: behavioral, cognitive (cognitive individualism, defining primarily the relationships between micro- and macroeconomic categories), and ideological,
- the neoclassical concept of equilibrium (general and partial), which implies, among other things, the presence of tendencies for Pareto-optimal equilibrium in individual markets,
- critical rationalism or other positivist, general philosophies of science (research) [Fiedor 2018].

Adopting the conceptualization I have put forward (“value economics”) means turning a critical eye on the behavioral universalization of economics. The proposed approach moves economics beyond cognitive and methodological individualism. Otherwise, economics will continue to deal only with stimuli and transactions.

In value economics, imbalance and development are the focus of attention. Economic systems are not universal or eternal. They are not at rest, but are constantly changing, also because of being subject to the inevitable process of dysfunctionalization. They are characterized by a stable or unstable equilibrium. Therefore, they can evolve or disintegrate.

Economic research must relate to the synchrony and diachrony of economic activity. In social reality, the future is not like the past. Importantly, the analysis of human activities in motion is undoubtedly more effective and realistic than any other approach that examines some imaginary resting state.

The key category in value economics is social space-time, considered simultaneously as an ontological, epistemological, and methodological category. It sets the rules of the economic game. As social space-time changes, the rules change as well.

Social space-time has two integrally linked dimensions. It sets the outlines of our capabilities in two ways. On the one hand, it defines what we can – in the sense: what we are able, what we can manage (enabling), and on the other hand, what we can – in the sense: we are permitted, allowed, what is acceptable (allowing).

The social space-time of economic activity arises from the economic imaginary adopted by the participants of economic activity. And the latter is shaped by the axionormative discourse engaged in by the dominant subjects in society. Such discourse creates modal knowledge, which determines the mode of changing the basic rules of the system – the social order. Such social knowledge has direct and long-term consequences [see Sztompka 2005, p. 15].

There is no economics free of values and valuation. In value economics, its axiomatic foundations and references are disclosed and subject to discourse. Neoclassical economics is based on philosophy and utilitarian ethics. Its advocates argue that man is faced with a choice between profit and profit, though in fact it is a choice between good and evil.

Over the course of my work in the last few years, I have been and still am becoming a value economist. To persuade others, I convinced myself to open my eyes. I do not seek or create ideal constructs or concepts. Instead I try to identify the dynamics of social phenomena, consider what is possible, though not necessary, in a given social situation and what is socially desirable in the sense that it leads to developmental change and creates new opportunities for individuals and communities to empower themselves. This approach is normative, but not constructionist. I do not impose patterns on reality. On the contrary, I am striving to free reality from already existing patterns and shed light on less familiar paths. I offer a cognitive perspective – a concept, not a formula. I avoid cause-and-effect patterns that lead to deterministic linearity.

A specific alternative cognitive perspective does not necessarily have to involve the formulation of new concepts, the language of cognition, although this may of course be warranted. However, I believe it more important to reinterpret the concepts already adopted and used in social discourse. This allows their users to perceive the world around them and themselves in a different way, which may lead them to change or modify their behavior.

For me, social reality is complex rather than systemic; it is modal and meandering. Its development cannot be programmed, it cannot be modeled, although it can be modulated, i.e., certain interdependencies can be stimulated to oppose others. And this is the way social space-time is shaped.

The meandering nature of social reality means that it features various forms of cumulative circularity (spirality). No one can recognize and interpret them all. All the more so because both the social world and the universe are constantly expanding. These phenomena cannot be stopped, and attempts to do so will eventually lead to a social outburst and disintegration of the monosystem that was attempted to be imposed.

Therefore, it makes more sense to try to understand the circularity of the social world and appreciate those of its manifestations and forms that foster sustainability of development. Then we do not take over the work of God, we do not become demiurges. However, by offering a specific cognitive perspective, we are stimulating activity that, although possible, was previously unavailable or available on an insufficient scale. We become catalysts, or perhaps more aptly – facilitators of development that will ultimately not progress according

to our wishes or best imaginings. But it nevertheless makes profound sense to contribute, if only to some limited degree, to the stimulation of developmental circularity which neutralizes the processes of cumulative destructive circularity.

The World Economic Forum report on global risks [Global 2017] identifies the top 5 such risks in terms of likelihood and impact:

In terms of likelihood:

1. Extreme weather events,
2. Large-scale involuntary migration,
3. Major natural disasters,
4. Large-scale terrorist attacks,
5. Massive incidents of data fraud/theft.

In terms of impact:

1. Weapons of mass destruction,
2. Extreme weather events,
3. Water crises,
4. Major natural disasters,
5. Failure of climate change migration and adaptation.

It is readily apparent that most of these risks have been growing over the course of lengthy and complex, multidimensional circular processes. And they are certainly impossible to eliminate through simple steps or means. They can only be neutralized by inducing a counterweighted complex circularity. Otherwise, all we can do is to ameliorate their effects.

The authors of the abovementioned report aptly stress that many of the commonly observed economic, social, and political risks stem from the functioning of market capitalism. Therefore, they postulate its reform [Global 2017, p. 6]. One of the negative manifestations of modern market capitalism is the so-called “gig economy” – economy of short-term work contracts, which deprives workers of social security and contributes to the exacerbation of social inequality [p. 7]. That is why the recommendation is to promote solidarity and shape long-term thinking about the market. This is linked with, among other things, the need to appreciate not only the opportunities offered by the technologies of the fourth industrial revolution, but also the risks they pose [p. 11].

There is no escaping from interdependence in the modern world. Instead the goal should be to replace the forms of interdependence that generate instability with those that reduce it. Opportunism makes this interdependence unstable, while the relational game favors stability.

For several decades, values have been the subject of reflection, especially for management professionals. Value-driven management has come into fashion, but for me this is an idle concept, and I am not surprised that it is proving more disappointing than useful. When managers or their advisors discuss values, they use terms such as “introducing”, “implementing”, or even “applying”. In their view, values are established, but in reality they are created, and the process of value creation has and must have a social nature. It can be shaped, but not programmed or implemented. It develops only in a specific social space-time, one that becomes common and communal, emerges from many different relationships, is a resultant, and has a meandering nature. The creation process is contingent, i.e., possible, but not necessary. It results not so much from individual activities as from the fact that the society assigns them with a holistic meaning. Therefore, in the discourse on values, I attribute key importance to economic activity, not management. And I see relational companies as an alternative to the currently dominant opportunistic companies and the future of the market economy.

For a future where freedom and democracy are preserved, we need a market economy, but one that operates according to principles other than the ones we have now. This is the idea behind Open Eyes Economy. This is our path, though it is a path which can only be traversed by linking the market, the economy, and economics to values, by replacing economics of profit with economics of values.

Above all, changes are needed in the basic microstructures of social life, the main organizations of collective activity: businesses, cities, and schools especially universities.

In each of these areas, it is necessary to refer to the specific social space-time in which these basic organizations and institutions function and develop. In the case of cities, it is particularly important to address the residents’ right to the city and the way the realization of that right is determined by particular space-times. Also important are the city’s relations with its environment, which fall under the scope of the concept of territorial justice, dealing with, among other things, the flows between urban areas and their rural surroundings. Lack of proper balance in this respect can result in, e.g., serious threats related to water management – violent floods and long-lasting droughts.

In each case, in my academic environment, we also try to capture the specific relationships between these basic forms of collective life. In order to accentuate this, we use the family of concepts: Firm-Idea, City-Idea, and University-Idea. We are thus striving to perceive and approach these basic organizations in a way that is different from the one that has been dominant

until now. The “Idea” component of each of these concepts refers to the organization-specific way of generating values. In the case of the firm, it is the company-specific way of generating economic values. In the case of the city, it is the city-specific way of generating urban values. In the case of the university, it is the university-specific way of generating academic values. Instead of searching for some universal Idea for companies, cities, or universities, we focus on identifying and analyzing the ideas of specific companies, cities, or schools. Consequently, we refer to ideas and values, but do not formulate ideologies – we do not impose any dominant cognitive perspective, but put forward a conceptual framework in which different perspectives can be successfully utilized.

Innovation is often considered a process of transforming existing opportunities into new ideas and putting them into practice. It seems to me that the opposite is true: we need new ideas to be able to notice and tap into the potentially existing resources and opportunities.

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