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## Gifts Basket for Professor Grzegorz W. Kolodko

We are celebrating here two important anniversaries: Kozminski University's 25<sup>th</sup> and Professor Grzegorz W. Kolodko's 70<sup>th</sup> birthday. They are both young and hopeful. But Professor Kolodko seems younger. This is at least my impression when I try to follow his countless activities spanning around the globe.

Birthdays are gifts' time. Professor Kolodko has found by his bed two sizable baskets of gifts: one international and one Polish. In principle all the donors volunteered to bring their gifts personally. Unfortunately, some were hounded by bad luck with health problems like Nuti, Galbraith Jr. or Phelps, others had to give priority to meetings with the highest authorities like Prof. Lin meeting President Xi exactly at this time, or to the call of duty like Saul Estrin who has a lecture at LSE. However, all the missing and missed contributors prepared videos, which will be shown and will be referred to in our debate. Because I do hope for a lively debate, you are all invited to. Today we are permitted to peep into the international baskets: special issue of *Acta Oeconomica* dedicated to Professor Kolodko and debate will be conducted in English. Tomorrow will be the Polish day referring to the sumptuous volume of 28 essays by top notch Polish economists, just of press by Polish Scientific publishers.

To kick off our today's debate, let me share with you some impressions I had when reading through this unique collection of scientific papers edited with care by prominent journal affiliated to the Hungarian Academy of Sciences. They have something in common: they are all related to Kolodko's work, but from the theoretical point of view remain highly divergent, eclectic, anti-dogmatic, in short pragmatic, perfectly in tune with Kolodko's idea of new pragmatism.

I was particularly stroke by the gift from Texas by Professor James Galbraith Jr. Parallel is being drawn between Late John Kenneth Galbraith and Grzegorz Kolodko. This is the greatest of honors in my eyes (J.K. Galbraith was one of heroes of my young days) and quite deserved one. Let me tell you briefly why.

- First, they are both pragmatists independent from textbook economic dogmas, referring to the theories in a selective way, according to the needs of the practice. Fascinated by the “big picture” of the world, they were practical economists successfully involved in changing this world to the better as high ranking public servants.

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John K. Galbraith was involved in unprecedented American War effort during the World War II and in the post-war rebuilding of Germany and Japan. Kolodko was one of the architects of successful transition of Poland from Soviet-type socialism to market economy as Deputy Prime Minister and Minister of Finance in four Polish governments.

- Second, *toute proportion gardée*, they are both prolific writers, authors of dozens of books translated into dozens of languages. Their writings, while observing the standards of intellectual rigor, are addressed to general public, not only to trained economists. That's why they are published in record-breaking editions.
- Third, their writings and practical activities are clearly value driven geared to improve human wellbeing. It is understood much broader than GDP figures. In this spirit, they remained active participants of public debate, reacting with unusual vivacity to consecutive ups and downs of the global and national economy, politics and social life. They are both movers across the Atlantic, and across the Pacific as well, global movers.
- Fourth, finally they both experience *cordon sanitaire* (as Prof. Galbraith Jr. puts it) build by academics and politicians decided to ignore them, because of vested interests or the fear of an open confrontation.

Of course, there are some differences worth noting as well. For example, John K. Galbraith would be probably surprised by the rise of new nationalism, but He would probably respond to it with the same vigor Kolodko did presenting rational pragmatic arguments, but also opposing it strongly on axiological grounds.

The issue of new nationalism and its role brings me to the topic of new identity of the science of economics in new times. It is certainly worth debating and was mentioned several times in the articles published in *Acta Oeconomica* (Baltowski, Hare, Phelps among others). Disputed ground is explanatory power of economics as a science. Nobody dares to question relevance of quantitative macro-economic models, but it is becoming obvious that economic growth and economic cycles cannot be completely identified, described, explained and predicted without taking into account such unmeasurable or hardly measurable variables as people's individual and collective emotions, changes of political climate or social and institutional dynamics. To quote E. Phelps: "*economics at its core is about human life in human economies*". Comparative economics provides solid pieces of evidence supporting this point (Dallago, Hare).

Is economy becoming political economy again, and does the future belong to such hybrid disciplines as economic sociology or economic psychology? Professor Kolodko is committed advocate of interdisciplinarity in economics, and several authors publishing in the special issue of *Acta Oeconomica* seem to agree with him. I join them wholeheartedly. There are, however, some evident traps associated with interdisciplinarity. The times of Marx and Weber, when one scientist could embrace the entire entity of social sciences, are gone. The pace of the accumulation of knowledge is breathtaking, narrow specializations reign. Interdisciplinary work by, say, an economist can be than easily accused of superficiality and amateurism by professional sociologists, political scientists or psychologists. In fact, interdisciplinarity is severely punished, not promoted, by shakers and movers of academic careers worldwide.

Kolodko is one of early advocates of composite index of economic and social aspects of development. As Kolodko put it in one his books: "*Good economics is both a descriptive science that depicts things as they are and a normative science that issues pointers and prompts about the way thing should be*". The problem is how to measure achievement of such goals, how to identify milestones? This point can be also found in the gift basket

offered him by friends and colleagues (Dallago, Baltowski, Hare among others). I embrace this idea myself. Several measures and indices have been proposed along these lines within “beyond GDP paradigm”. The question remains open, however, how to balance economic, social and psychological factors within one synthetic measure? Is it possible to bring people’s emotions in – provided that emotions put in motion political choices, sometimes irrational (such as Brexit), sometimes unrelated to purely economic logic? Hundreds of indicators are available in the international public domain. The architecture of synthetic measures remains an open challenge.

Several fascinating pieces included in Kolodko’s gifts basket provide references and insights into the future of Euro and the Euro zone and the EU (mainly Daianu and Dallago). Unfortunately, one key socio-political factor: the rising wave of new nationalism across all Europe is not included in the picture. Is it capable of changing and perverting purely economic logic of development and its legal frameworks? Can European integration and globalization be reversed by massive, amorphous social movements based on new communication technologies and skillful political games by extremists and “virtual spies”, in spite of density and strength of international supply chains? Protectionism is an off-spring of nationalism. Euro turns 20 and it appears to be the most important, if not the only solid foundation of the European integration. It provides support for the single market, keeps transaction costs relatively low and prevents “beggar-the-neighbor” policies. Will it survive? Will it resist the emotional pressure of new nationalists? There is a consensus between economists that: “yes, it will”. Kolodko and myself, we have published in Polish a small book presenting our dialogue on confrontation between new pragmatism and new nationalism on the global scene. Our debate was not conclusive, the book didn’t sell well for Kolodko’s standards. Recent development, however, such as the latest Brexit turmoil, “yellow vests” revolt in France or US China trade confrontation indicate that new nationalism is a real and present danger worldwide. Massive movements supporting it have almost completely lost faith in experts, academics, elites and mainstream media. Why? Is the science of economics in somewhat better position? Can we regain confidence of “ordinary people”, who feel forgotten and betrayed by elites? How to promote new pragmatism, or simply pragmatism when and where emotions grow higher and higher? These are the issues that might hopefully pop up in our debate, since we do care about the future standing of the noble (not dismal) science of economics.

Disproportionally big share of the generous body of gifts offered to Prof. Kolodko deals with China, its dynamics, prospects for the future and the role of the new-super power in the global economy. This is certainly due to recent activities of Prof. Kolodko, centered around China: his publications in several languages including Chinese, his latest book on China to be published in English in the upcoming months and his active participation in intellectual debate in China including long appearances on Chinese national television. He has even coined a new term: “chinism” symbolizing “the third way”. When touching upon this issue I am walking on thin ice since my personal knowledge of China is very limited and comes almost exclusively from my readings. And I have learned a lot reading through fascinating papers on China published in the special issue of *Acta Oeconomica*. China is undoubtedly the most competently and rationally managed by skilled technocrats big country of this world. It is becoming particularly evident, when we compare it with emotional convulsions and internal conflicts experienced by split and polarized democracies of the West. China is considered by Kolodko as an embodiment of his cherished idea of new pragmatism. Will China prevail over the West and the US in particular? I happen to believe that both competition and

cooperation ground between the West and China will be innovation. Scientific, technological, economic, social, political and cultural innovations are inseparable and have common background: individual freedom and free flow of ideas, unrestricted debate. I share the opinion of Gerard Roland that the Chinese impressive economic reforms were designed and implemented with one goal in mind: to reinforce and consolidate the power of CPC (Communist Party of China). The fundamental question is whether CPC will be willing and able to lay out supportive ground for innovation in all spheres of cultural, social, economic and finally political life? At the end of the day this purely political question and political character of the science of economics is becoming evident once again.

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