



EJW

ECON JOURNAL WATCH
Scholarly Comments on
Academic Economics

ECON JOURNAL WATCH 12(2)
May 2015: 233–241

Liberal Economics in Poland

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In this paper I provide a cursory guide to institutions and individuals in Poland advancing liberal knowledge, particularly on economic issues. I provide brief historical remarks and then treat the scene in Poland today.

A bit of history

In the interwar period in the Second Polish Republic, a few talented economists, including Adam Krzyżanowski, Edward Taylor, Roman Rybarski, and Ferdynand Zweig, influenced public life and sociopolitical reality. They were often market-friendly, though, to be sure, they showed significant departures from liberalism. One sparking free-market liberal was Adam Heydel (1893–1941), who fought hard against statism. One of the ironies of history is that Heydel, as professor of Jagiellonian University in Krakow, accepted Oskar Lange as a Ph.D. student, who later became the face of socialism in theory and, in the Communist regime, in practice. Heydel's career was cut short, murdered by the Nazis. Not of Jewish descent, he was imprisoned in 1939 along with other Jagiellonian professors. Heydel was among older professors that were later released, but after Heydel became active in the Polish resistance he was imprisoned again. He was shot in a mass execution at Auschwitz on March 14, 1941.

The story of Heydel illustrates why the history of liberal thought in Poland in the twentieth century is so meager and sad. Even if the brave Heydel had survived the horrors of Nazism, Stalinism would have led him to emigrate. For example, another great liberal, Stanislaw Andreski (1919–2007), was, as a young man, taken

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prisoner by the Soviets in 1939, escaped, and later made his home and career as a sociologist chiefly in Britain; readers are encouraged to pursue his works *Parasitism and Subversion: The Case of Latin America* (1966), *The African Predicament: A Study in the Pathology of Modernization* (1968), and *Social Sciences as Sorcery* (1972).

After the Second World War, Marxism came to dominate at the universities (Porwit 1998, 84–85). Thinkers not sympathetic to socialist propaganda had to silence themselves or resign. But after 1956 there was some relaxation in the censorship; academic work explored how to reform the socialist system to improve its efficiency (ibid, 93–98). During the relaxed period one could develop some reformist ideas provided it was not openly against the Communist rule. But hardy liberal thinking had to be kept underground, awaiting the breakdown of the system.

Many important works of Heydel were scattered for a long time around Polish universities, sometimes in their original form. Only recently have the collected works of Heydel (2013), including works unpublished previously, become available. Though there may have been a chance for at least a small Polish tradition of liberal economic thought, the arrival of a socialist regime imposed by Soviet imperialism nipped any such prospect in the bud. It is worth noting, though, that in the underground during the Communist era significant parts of works by Alexis de Tocqueville, Ludwig von Mises, Friedrich Hayek, and Milton Friedman were secretly published and circulated as contraband (Luszniewicz 2008, 186).



Adam Heydel

Academic institutions in Poland today

In the 1990s, Poland was unusual in Central Europe for its rapid growth in private institutions of higher education. The private institutions focused on master's programs, while only a couple obtained accreditation from the state to start Ph.D. programs. The private sector lacks the wealth to donate money for social research. Also, the institutions faced competition from public universities, which receive public subsidies and teach students free of charge. Most of the best students go to the public schools. Any young scholar interested in social and economic issues has to look for a position at a public university, where she could do some research. In consequence, most of the more highly productive economists, including those who favor liberal principles, are employed by the public universities.

Once hired at a public university, a scholar needs to publish papers in ranked journals. Recent changes in education law favor foreign journals included in Thomson Reuters's Web of Science/Journal Citation Reports (JCR), which includes only one Polish economics journal, *Argumenta Oeconomica*. Thus, few Polish-language economics journals are highly ranked according to the official accreditation standards. None of the Polish-language journals exclusively promotes a particular outlook—they publish interventionist, liberal, and neutral articles. Liberal economics enjoys a certain respect. It is my impression that, on the whole, not very much of the research by Polish economists is very ideological.

Respectful and widely read books about Milton Friedman (Belka 1986) and Friedrich Hayek (Godłów-Legiędź 1992) were written by two gifted Polish economists, Marek Belka and Jadwiga Godłów-Legiędź, who are not outspoken defenders of the free market but are inclined to support interventionism.

In academic economics in Poland, there are no schools of thought in the traditional sense. Part of the problem with building a research program relates to the legacy of the Communist era. Perhaps Poles have been too familiar with the hard realities of collectivism to indulge in fantasies of government-led social centrality and expertise as irresponsibly as many left-leaning academics elsewhere do.

Two universities, at opposite sides of Poland, do have some notable liberal activity. Near the Eastern edge is the University of Białystok, where Robert Ciborowski promotes liberal ideas in economics by publishing books and organizing conferences. Ciborowski edited such books as (here I give English translations of Polish titles) *Liberal Ideas in Economics 20 Years After the Death of Friedrich August von Hayek* (2013) and *Economists of the Austrian School* (2011). Each year, he organizes conferences and seminars for market-oriented economists from all around Poland. Also at the University of Białystok is the well-respected and ideologically balanced journal *Optimum*; thanks to Ciborowski, its 2007 issue was devoted to liberal thought in economics.

In western Poland is the University of Wrocław, where Witold Kwaśnicki runs the Division of General Economic Theory. Kwaśnicki's research focuses on innovation, evolutionary economics, history of thought, and economic liberalism. He is responsible for teaching all economics students basic theory in microeconomics and macroeconomics. His published books include *Knowledge, Innovation, and Economy: An Evolutionary Exploration* (1996), *History of Liberal Thought: Liberty, Property and Responsibility* (2000), and *The Principles of Market Economics* (2001). After fifteen years of teaching, Professor Kwaśnicki was honored in a festschrift by several of his doctoral students, *Against the Mainstream Economics* (Machaj 2010). He recently published an article about economics of classical liberalism called "Small Government, Minimal State: or 'No State?'" (Kwaśnicki 2014).

Professors Kwaśnicki and Ciborowski are two uncommon examples of economists who openly express liberal judgments. Each is building an institutional framework to promote economic thinking that develops, tests, and applies liberal principles.

The Adam Smith Research Center

Founded in 1989, the Adam Smith Research Center was Poland's first think tank (Aligica and Evans 2009, 63). The term *think tank* may be misleading, since this sector in Poland is somewhat different than in the United States, where think tanks formulate and advance targeted policy proposals. In most cases in Poland, rather, think tanks are the hubs of social movements. Around the Adam Smith Center, for instance, lie various lawyers and economists favoring classical economics in the Smithian tradition of small government, low and simple taxes, the presumption of liberty, the rule of law, and the moral basis of the market economy.

The foundation is not engaged in academic discourse, but it is influential in public discourse and policy. Two economists associated with the research center, Andrzej Sadowski and Robert Gwiazdowski, are often quoted in the media and appear on various shows to comment on economic events (Sadowski was also associated with Transparency International in Poland). They are very effective—even charismatic. Gwiazdowski is especially visible since he is very active in social media. Among his books promoting liberal economics are *Justice and Tax Efficiency: Between Progressive and Flat Income Tax* (2001), *Progressive and Proportional Taxation: Doctrinal Issues, Practical Consequences* (2007), and *Haven't I Told You So? Why the Crisis Happened and How to Get Out of It Quickly* (2012a). He is also a professor at Łazarski University, the first nonpublic university in Poland, which received accreditation for its own Ph.D. program.

Sadowski and Gwiazdowski are often approached by Polish journalists to comment on important policy issues. They are famous by way of their interviews and contributions to economic journalism in all the most important Polish newspapers. Their comments are always in the energetic spirit of classical liberalism. They emphasize the importance of freedom, the rule of law, the certainty of rules, and keeping taxes low, and they criticize overregulation, restrictions, and bureaucratic burdens.

We should credit the Adam Smith Research Center especially for raising public awareness of the burden of taxes (see, e.g., Sadowski 2014). They popularized the notion of “Tax Freedom Day,” indicating which month citizens stop working to pay the state. Second, they constantly point out that taxes are much higher than as typically reported because taxes for the pension fund are often

omitted. Over ten years ago, the Center became famous for proposing a comprehensive tax reform that would have created more stable tax law and decreased taxes on labor. But their proposal was in general ignored by the political parties and did not spark any discussion among members of the government or the parliament.

In recent years, the Center was involved in a loud public debate about private pension funds. At the end of the 1990s, Poland introduced some choice among private institutions holding defined contributions in the social security system. Instead of putting all the taxed money in the state system, the government vouchsafed some to highly regulated and licensed insurance companies. Most saw the reform as privatization. In the last several years, the government renationalized the funds. The representatives of the Center were quite radical in their criticism and did not defend private funds, because they saw the funds as rent-seekers cartelized by the system (see Gwiazdowski 2012b; Sadowski 2013). On this issue, the Center showed its radical side and fought against the root intervention, namely forced savings.

Since the Adam Smith Research Center is not a think tank in the American sense, Gwiazdowski decided recently to fill the gap and open the Warsaw Enterprise Institute, which would be more focused on current policy issues. The purpose of the Institute is to publish reports, comments, and memoranda about state law and general economic conditions. It also provides expert support for the Coalition of Entrepreneurs and Employers and cooperates with the Heritage Foundation in the United States.

Leszek Balcerowicz and the Civil Development Forum

Professor Leszek Balcerowicz of the Warsaw School of Economics, who has received many international awards (including one from the Cato Institute), was a leading figure in the Polish transition of 1989–90 (Aligica and Evans 2009, 63). He was then an important minister in one of the governments in the late 1990s, after which he became the president of the Polish Central Bank. Even though many considered him radical, political reality impelled him throughout his career to accept many compromises—especially because in both of his governments he was in a coalition with the *Solidarność* movement, which, despite its anti-Communist and anti-regime roots, was rather more socialist than the supposedly socialist government. In the last decade, after leaving the central bank, he distanced himself from day-to-day politics. His departure allowed him to be more radical in his discourse, mainly to appeal to younger generations.

After leaving public office, Balcerowicz founded the Civil Development Forum in 2007. Its mission is to promote economic freedom and other liberal tenets, especially moral and social constraints on government. The forum organizes seminars, publishes policy analyses, promotes economic knowledge in general, and assists publishing houses with economic publications. As a social activist, Balcerowicz has been much more radical in promoting economic liberalism than in earlier stages of his career. Balcerowicz participated in the public debate over retirement-fund reform, just mentioned. When in 2014 the government renationalized the funds, Balcerowicz and his associates vigorously opposed this decision and pressured the government to keep the reform, but without success. The matter of retirement-fund reform illustrates a break among various market-friendly organizations in Poland: the Adam Smith Research Center opposed any form of government involvement, seeing the reform as crony capitalism, but the Civic Development Forum believed more in *realpolitik*—that some partial changes and quasi-private solutions can improve the government system.

Balcerowicz has also published important books on transformation and economic growth. He wrote about the transition from socialist planning to markets in *800 Days: Shock Under Control* (1992) and *Capitalism, Socialism, and Transformation* (1997). Both books were about real-world transformation, and by most Western economists' standards were not radical or ideological. Balcerowicz edited two collections of essays: *Discovering Freedom: Against Slavery of Minds* (2012) and *Puzzles of Economic Growth: Driving Forces and Crises: A Comparative Analysis* (Balcerowicz and Rzońca 2010). Many radical thinkers are reprinted in the former publication. Balcerowicz remains very influential among journalists and academics and in public opinion. Thanks to his distance from politics he is free from political and populist clashes, and instead focuses on intellectual battles.

Polish Instytut Misesa

Another important institution is the Polish Instytut Misesa, founded in 2003 and enjoying scholarly support from Professors Kwaśnicki and Ciborowski. Its primary aim is to influence younger scholars interested in market-friendly economic thinking, although the Institute also sets up forums for exchanging ideas with adherents to different schools of thought. The institute has published ten books on economic subjects, including translations of Hayek and Mises, and organized various seminars for graduate students and courses for less advanced students. The main seminar topics, including risk, banking, and economic crises, have tended to be more 'economic' than political or ideological.

The Institute is also to be credited for a unique project: Clubs of the Austrian School of Economics, started around 2008. This is a network of student groups all around Poland, tied to universities, especially economics departments. The network has had huge success in uniting students around the ideas of classical liberalism and libertarianism. Students meet to study and discuss various texts. The project offers high-quality book publishing, seminars and schools, and a relatively highly trafficked webpage. Even though the groups were started mostly to discuss Austrian economics, they go beyond Austrianism to discuss liberal thought in general. And they inspire students to become Ph.D. students and researchers at universities.

Conclusions

In Poland, academic and public-policy discourse is not closed to liberal ideas. Public-policy organizations promote liberal economics in parallel with the academic world. And since public universities are not actually dominated by any official or unofficial line of interventionist thinking, it is possible to promote alternative ideas about society. It may even be that Polish academia allows for an impressive degree of ideological diversity and openness. All these institutional outlets contribute to both public and academic debate on the role of the state.

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