

## Review

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### **How to Unleash the Economy of General Intellect to Build a Post-Capitalist World**

A review of *Kapitalizm sieci* [*Network Capitalism*] by Jan Oleszczuk-Zygmuntowski (Wydawnictwo Rozruch, Warszawa 2020)

#### **The relevance of the reviewed publication to theory and practice, and the topicality of the issues discussed**

The reviewed work by Jan Oleszczuk-Zygmuntowski (Jan Zygmuntowski at the time of the publication) tackles one of the quintessential issues of the day both in the sphere of socioeconomic life and in the field of economic theory. It is the question of the model of a socioeconomic system that would provide the ground for sustainable and harmonious socioeconomic growth and optimal use of the potential of the Fourth Industrial Revolution. The author augurs the end of capitalism, and, being controversial as it is, such a prognosis also calls for an in-depth consideration.

Albeit controversial, the author's opinion on the anticipated end of capitalism is shared by others. Several years ago, the well-known American sociologist Immanuel Wallerstein expressed his dim view of capitalism and prognosticated that its end was nigh. A similarly negative opinion was put forward by Wolfgang Streeck, a German sociologist and economist; in his 2014 interview with the journalist Rafał Woś, he rightly, as it turned out, predicted that "a crisis similar in magnitude to that of 1929 or 2008 can hit us at any time. But will such a shock bring any reckoning? I do not think so. What I know is that capitalism cannot be put right, either as an economic or political system. It is because crisis has become not only its recurrent motif but a fellow traveller" (Streeck, 2014).

Streeck concludes that the state has demonstrably evolved from "a state of taxes" into "a state of debt" (*vom Steuerstaat zum Schuldenstaat*). In effect, the relations between the state and the markets are becoming less and less transparent, and it is not clear whether *states have nationalised banks* or *banks have privatised the state*. The decreasing state tax revenues driven by the neo-liberal doctrine of the "minimum state" and low taxes mean that states need to contract debt to discharge all their functions, including public investment projects, or else be compelled to forgo such functions. If the state restricts its public activity, such as the provision of educational, health, and other types of services, it automatically forces households to purchase them for their own money. This, in turn, will increase household borrowing from banks.

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As a result of imposing the burden of expenditure previously funded from the state budget onto households, the share of the financial sector in the economy inevitably increases, and the economy itself is more and more widely driven by loans. In 2008, the British political scientist Colin Crouch sarcastically dubbed such phenomena “privatised Keynesianism”. Streeck thoroughly analyses the phenomenon; although he points out, based on the research findings, that capitalism cannot be repaired, in the above-mentioned interview he nevertheless suggests that “the dismantling of the 40 years of neo-liberalism at all levels could bring about a positive change”.

Even though the reviewed work was written before the COVID-19 pandemic, its basic tenets tally with the current debate, made even stronger by the pandemic, on the dysfunctions of capitalism. The thesis on the need to develop a new model of the socioeconomic order and of relations between the state, the market, and the society is gaining more and more traction among the research, experts, and media communities. One, probably the most unexpected change of heart in that direction was expressed in early April 2020 by the editors of *The Financial Times* (FT, 2020), an illustrious British daily with neoliberal leanings, regarded by some as the “capitalists’ newsletter”, a paper with international circulation, and a strong advocate of the free market and globalisation. Its April 2020 editorial admits that the pandemic exposed 40 years of fallacious economic policies. The view was strongly echoed internationally and came as a surprise in many circles, particularly the proponents of Reaganomics and Thatcherism.

The excerpt quoted below, from the *Financial Times’* editorial, under the telling title “Virus lays bare the frailty of the social contract” (FT, 2020)— was the main headline of the day. It claims, among others, that:

Radical reforms — reversing the prevailing policy direction of the last four decades — will need to be put on the table. Governments will have to accept a more active role in the economy. They must see public services as investments rather than liabilities, and look for ways to make labour markets less insecure. Redistribution will again be on the agenda; the privileges of the elderly and wealthy in question. Policies until recently considered eccentric, such as basic income and wealth taxes, will have to be in the mix..

Mr Zygmuntowski’s tenets also align with the interdisciplinary discourse on the dysfunctions of capitalism and their axiological underpinnings, which is now gaining more and more currency in the West, as evidenced by swathes of publications dealing with this issue. One such example is the 2018 study by the Oxford University economist Paul Collier titled *The Future of Capitalism*. In it, the author points to the dangerous rift in the texture of the contemporary world, manifested e.g. by the emergence of the “Rottweiler society”, populated by thoughtless, arrogantly consumerist individuals who ignore elementary societal values and other axiological issues.

Unfortunately, in Poland, these topics are rarely researched, debated, or published. Therefore, the work by Jan Zygmuntowski is a pioneering step in the analysis of socioeconomic phenomena that seeks to emphasise the need to find a new perspective on the economy and economics in the context of the Fourth Industrial Revolution. The significance of such issues for the contemporary world cannot be overestimated, as is demonstrated by some contemptible and perilous occurrences of the day, such as the growing frequency and magnitude of various crises, extensive social stratification, the degradation of the natural environment, the dehumanisation of the ongoing changes, etc. It is also demonstrated by the history.

Jan Zygmuntowski addresses those issues against the backdrop of the changes dictated by the Fourth Industrial Revolution. In his smooth narrative, he outlines the possible and necessary

changes both in the economic theory and in the *modus operandi* of individual actors – creators of the market economy. These are the fundamental challenges that the contemporary world is now facing, and the discussion of these issues adds gravity to the author’s work.

### **Innovative aspects of the reviewed work**

Jan Oleszczuk-Zygmuntowski’s monograph is innovative and interdisciplinary, which is of great value in its own right. The author describes the changes precipitated by the Fourth Industrial Revolution in the context of such disciplines as economics, political science, sociology, psychology, and more. This is reflected in the structure of this 160-page work, comprising seven chapters, preceded by an introduction, and closing with the main conclusions as well as theoretical and practical recommendations.

The work has a clear-cut structure, while the unconventional and pertinent chapter titles and subtitles make for even more attractive reading. This is an important aspect, considering the complexity of some of the issues discussed, such as the threats to society posed by digitisation and increasing social inequalities. In addition to the still-expanding phenomenon of precarity, a new afflicted class of the *cybertariat* (digital proletariat) is emerging. This phenomenon is emphasised in the works by Ursula Huws (2014), who points to the class’s exploitation since the biggest IT players divide the market among themselves and turn it into a “walled garden” that cannot be accessed from any other platform. Jan Zygmuntowski also warns of the risks and negative consequences of the digital world being oligopolised.

The analyses presented in Zygmuntowski’s work invite reflections on the systemic transformation and future of capitalism. The ongoing Fourth Industrial Revolution and the resultant civilisational change, manifested in the transition from the industrial to post-industrial paradigm, forces institutional and systemic reforms to be initiated. In the context of such a major game changer, institutional, regulatory and other arrangements employed so far in socioeconomic policies more and more frequently prove to be at odds with the requirements of the new economy. Cultural regression, blockade, and isolation are phenomena marking the present day.

This lock-in effect, described in the literature on the subject to denote being confined to the old systemic framework, and the priorities, solutions and tools adopted in decision-making, poses a barrier to development. Furthermore, it has been corroborated by practice that the tools that have proved effective in fostering socioeconomic development in the industrial civilisation are still being employed despite their limited and dwindling efficacy caused by the clash of the civilisations and a transition to a new era (cf. Kleer & Mączyńska, 2018). It is increasingly demonstrated in practice that, under the conditions of the new economy, traditional solutions and tools are not only ineffective, but can even increase the risk of adverse socioeconomic decisions being taken at different institutional levels, and, in consequence, can disrupt the harmony between economic growth and social as well as ecological development.

Considering the shift of the civilisational paradigm now taking place, the author’s reflections concerning agency in the context of capitalism dysfunctions assume special importance. This is underlined by authors such as Andrzej Szahaj, who claims that, in contemporary, *cognitive* capitalism, “the dematerialisation of work is a matter of primary significance, i.e. the shift from the economy based on manual labour to that sustained mostly by intellectual work. This process is closely connected with the arrival of a post-industrial society in which traditional industry with its associated manual and technical professions is being replaced by the service sector characterised

by a whole gamut of professions and trades, mostly requiring interpersonal skills, and therefore the skills how to manipulate people and their emotions, not objects” (Szahaj, 2014). Such threats also need to be taken into account, as some Nobel Prize winners forewarn (e.g. Robert J. Shiller, George A. Akerlof, Joseph E. Stiglitz).

These issues, tackled by Jan Zygmuntowski’s work, are also discussed in Maciej Szlinder’s publication (2018) entitled *Bezwarunkowy dochód podstawowy* [*Unconditional Basic Income*]; the author points to risks to society posed by capital striving to claim more and more spheres of socioeconomic life. Other commendable works include Gunter Pauli’s report to the Club of Rome (2010) as well as the recent Club of Rome report under the meaningful title: *Come On! Capitalism, Short-termism, Population and the Destruction of the Planet*, alongside the publications by Antoni Kukliński (2013).

The tenets presented in the reviewed work are veritable eye-openers, as is, for example, the author’s demonstration of the extent to which the Fourth Industrial Revolution does affect the nature of both employment and labour. In many areas, the boundaries between labour and non-labour as well as colonised and non-colonised labour seem blurred (cf. Tussey, 2018). Jan Zygmuntowski’s work is noted for its originality of thought, attractive narrative, as well as lucidity of argumentation.

### **Suggestions for further economic research**

The monograph is commendable for its thoroughness, topical insights, and editorial scrupulousness. Nonetheless, the work’s lucidity would gain from some remarks being expanded, also from references to some publications not included by the author, some of which are listed above. This is particularly true for the tenet on the end of capitalism. In this context, it would also be warranted to discuss the role of the state in the new economic paradigm.

Regretfully, in his reflections, the author did not discuss the differences between Smithian liberalism, neoliberalism, and ordoliberalism. The latter form and its analysis would have been particularly important given the fact that ordoliberalism underpins the concept of social market economy, acknowledged by the EU treaties and the Polish Constitution as a form of socioeconomic system. The German word *Ordo* means order, including axiological order, which constitutes one of the differences between ordoliberalism and neoliberalism (Mączyńska & Pysz, 2012; 2018).

There are no references to some publications closely linked to the topics discussed in the reviewed work. In addition to the studies by A. Szahaj and others, mentioned above, it would have been worthwhile to comment on the concept of new pragmatism, promoted, e.g., by Grzegorz W. Kołodko, Maciej Bałtowski, and Jerzy Hausner (2019) or works on the ties between ethics and economics (Mączyńska & Sójka, 2017). Similarly, references to the works of such Noble Prize winners as G. Akerlof and R. Shiller (2021), R. Shiller (2016), A. Deaton (2016) would be welcome. It would also have been useful to refer more extensively to texts published in the Polish-language version of *Le Monde Diplomatique* on the dysfunctions of contemporary capitalism.

Similarly, a broader commentary on the measurement of economic performance would have been valuable (Stiglitz, Sen & Fitoussi, 2013; Stiglitz, Fitoussi & Durand, 2018). It would have also been useful to include in the discussion the question of appraising non-market goods (cf. Riera et al., 2012, in this regard), as well as a paper on John C. Bogle’s book *Enough. True Measure of Business, Money, and Life* (2014), and a more extensive discussion of the costs and externalities theory, as propounded, e.g., by Mariana Mazzucato (2018, 2021).

Some of Jan Zygmuntowski's tenets coincide with the concepts of Alvin Toffler, who championed the development of social futurism through the establishment of "imaginative centres" at various levels that would seek interdisciplinary "brain stimulation". Toffler believes that this would produce concepts and ideas "that are not dreamt of in technocrats' philosophy" (Toffler, 1984). It would be interesting to know the author's opinion on this topic.

The book would be more convenient to read if the subject and name indexes were added. Similarly, a bibliography would be helpful. These remarks, however, do not negatively reflect on the values of the reviewed work, outlined above.

### **The work's potential readership**

It would be worth including some or all of the remarks referred to above in the future editions of Jan Zygmuntowski's monograph, which will certainly be published. The book ought to be regarded as obligatory reading for researchers from various disciplines, in particular economists, philosophers, sociologists, psychologists, historians, political scientists, ecologists, and lawyers. It could also be used in the teaching of humanities and social science disciplines. Above all, however, it should attract the major socioeconomic policymakers, parliamentarians, and main actors shaping social and economic life, primarily those from the central agencies of the state and local government institutions.

Jan Zygmuntowski's work proposes to make watershed changes in the economy and economic theory, necessitated by the Fourth Industrial Revolution that the world is beginning to face. In this context, Zbigniew Madej's claim (2013) that the megasystems are lethal, could hardly be refuted. The reviewed work is a significant contribution pointing to the need to make systemic and social changes in the perception and operation of the contemporary world. The book sheds new light on many current global phenomena and the changes now in the making. Its reading is a must for all readers who want to prepare for such changes and better understand them.

### **Conclusion**

Jan Zygmuntowski's work tackles the issue of social values, a topic that is currently of utmost significance both in the economy and in economic theory. Due to the importance of the subject matter, novel features, and the holism of the analysis, the monograph should be used as a study text for modern economics. The issues discussed in the reviewed work are of particular relevance, not least because of the dire need to prevent social dysfunctions from occurring both globally and locally, since, in some areas, they have the hallmarks of a ticking time bomb. Jan Zygmuntowski's work can, therefore, serve as an early warning tool against potential threats to harmonious socioeconomic development, some of which were brutally demonstrated by the COVID-19 pandemic. The Fourth Industrial Revolution can exacerbate or mitigate these threats, depending on the quality of socioeconomic policy.

*Translated by Dorota Szmajda*

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