

STATE PERFORMANCE DURING THE DIGITAL REVOLUTION

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One of the most controversial issues in contemporary economy is the role of the State, including the relationship between the State and the market. Since the 1970s, the majority of Western economies have conformed to neoliberalism, which has reduced the role of the State in the economy to the minimum. In the times of Reaganomics and Thatcherism, this doctrine was strongly advocated¹. However, the financial crisis which hit the USA in 2007-2008, and whose consequences have continued to affect the global economy to this day, has challenged the validity of this doctrine. And this, in turn, has raised questions about the agenda behind the efforts to advocate it. This paper argues that, while in such cases there are many agendas in play, including in particular the ploys of big corporations, a significant role has been played by the distortion of the ideas associated with classical Smithian liberalism, and some oversimplified assumptions made in the neoclassical economy, e.g. in relation to the roles of the State and the market. This has led to the extensive degeneration of the

global economy, including the extremely uneven distribution of wealth, and growing social inequality. As a result, the dramatic and rapid material progress in the contemporary world, which has been manifested in the ever-growing range of available goods and services, has failed to translate into a sufficient improvement in our quality of life. In fact, in some areas this quality has actually been deteriorating. Even affluent countries and societies have been experiencing negative social phenomena, such as worsening social relationships, a rise in various harmful addictions and their associated diseases, which are taking their toll on social health and functioning, a growing sense of loneliness and insecurity, terrorism, a rise in suicide rates, the erosion of democracy, etc. This is being compounded by various environmental threats associated with a negligent approach to the protection of the natural environment. Paradoxically, these negative phenomena are not being successfully contained, despite the advancement of science and modern technologies. On the contrary, these problems seem to be getting worse. They were identified already back in the 1960s by Erich Fromm, American psychologist and philosopher, who argued that “20th-century man is an aberration”². Fromm asked “What has made everything evidently start to fall apart?” He

argued that “People have become gatherers and users. ‘Having’ and ‘using’ have become more central to life than ‘being’. This way, means, or material goods, (...) have become an end. Before, people used to go after means to a better life that supported human dignity”. In other words, “People are dead, long live things”. These unfavourable trends can also be accurately described by the words of Albert Einstein, who said back in 1946: “I believe that the abominable deterioration of ethical standards stems primarily from the mechanization and depersonalization of our lives — a disastrous byproduct of science and technology. *Nostra Culpa!*”

The contemporary world, with its many dysfunctions and global imbalances, seems to support those claims. Therefore, it seems reasonable to ask who, and to what degree, is to blame for that *Nostra Culpa* (our fault); and, to what degree, if any, such problems and barriers to socio-economic growth can be counteracted in the foreseeable future; and, last but not least, what the role of the State is in this process.

These questions are addressed in recent publications by the Polish Economic Society (<http://www.ksiazkiekonomiczne.pl/>), and the efforts associated with preparations for the 10th Congress of Polish Economists to be held in 2019.

¹ Ronald Reagan, inaugural speech, “Government is not the solution to our problem; government is the problem” <http://wpolityce.pl/polityka/125769-ronald-reagan-przemowienie-inauguracyjne-rzad-nie-jest-lekarstwem-z-tej-prostej-przyczyny-ze-to-on-stanowi-problem>.

² E. Fromm, *O byciu człowiekiem* [On being human], Vis-a-Vis Etuda, Kraków, 2013