Wacław Stankiewicz — a prominent researcher of the economics of defence, history of economic thought, and institutional economics

SUMMARY

W. Stankiewicz, a trained soldier and economist, devoted most of his life to scientific work in three fields. The first one was the economics of war. W. Stankiewicz belonged to a small group of academics who refined the subject and set out the scope of research of this discipline. Moreover, contrary to his intentions, he also helped to popularize the term “logistics” and its development as a science and a practical activity in our country. No less fruitful, as a second field of research, was a combination of considerations in the field of military and economic sciences, which originally gave the results in the form of publications on the development of military and economic thought, and then a great synthesis of the development of universal economic thought. Institutional economics became the third stage and field of his research. W. Stankiewicz proved to be the first, most insightful expert in the economic school and its most ardent propagator.

Keywords: history of economic thought, institutional economics, economics of defence

JEL Classification: B00, E02

* Mirosław Bochenek, Nicolaus Copernicus University, Faculty of Economic Sciences and Management, Department of Economics, ul. Gagarina 13A, 87-100 Toruń, Poland, phone: +48 566 114 896, e-mail: bochenek@econ.umk.pl.
INTRODUCTION

W. Stankiewicz is an original economist and an exceptional person. His originality and uniqueness were determined not only by the professions he performed, but also by the scope of academic interest. We had soldier-economists in Polish economics. Among others, L. Wołowski, H.M. Kamieński, M. Bochenek, J. Supiński, W. Ochenkowski, S. Rychliński, W.M. Zawadzki, J.S. Lewiński, A. Wakar, A. Grodek, C. Bobrowski, J. Libicki, K. Sokołowski, Z. Hellwig, W. Wilczyński and Z. Czerwiński took part in Polish uprisings and wars. Z. Rewkowski was drafted into the Russian army and F. Młynarski served in J. Piłsudski’s legions. Two economists were professional soldiers. J.M. Hoene-Wroński graduated from Szkola Rycerska (the School of Chivalry), fought in the Kosciuszko Uprising, served in the Russian army and the Polish Legions in France and, after leaving them, he devoted himself to science. Similarly, P. Szynder-Szulmicki began his professional career in the army with the rank of lieutenant, but following his internment in Switzerland he devoted himself to economics. Owing to their legal education, L. Caro and L. W. Biegeleisen were officers of the judicial corps, whereas thanks to his theological education, A. Roszkowski was a chaplain of the Polish Army. In contrast, unlike any of the above, W. Stankiewicz was a professional soldier for 47 years, and it was during his military service that he commenced his academic activity in the field of economic sciences, which he has continued to this day.

The purpose of this article is to present his way of life and accomplishments in the field of the science he has engaged in. Unfortunately, due to the scope of this study, its author was forced to make selection and present only the most important works and thoughts from the rich heritage the scholar presented.

1. W. STANKIEWICZ’S BIOGRAPHY

W. Stankiewicz was born on October 12, 1925 in Vilnius. His parents were W. Stankiewicz, the owner of a small farm in the village of Antokalce, and M. Pilecka. After graduating from the G. Piramowicz General School No. 21 in Vilnius in 1939, he passed his exams and was admitted to the King Sigismund Augustus Gymnasium. The outbreak of war interrupted for some

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1 Biographical information has been taken from several studies included in the collective work: W. Nyszk, S.T. Kurek (eds.), Doktor honoris causa Akademii Obrony Narodowej prof. dr hab. Wacław Stankiewicz, Akademia Obrony Narodowej, Warszawa 2014, pp. 8 et seq.
time his school education. It was then that he took up the self-study of the Lithuanian language, which he continued in the First State High School. In September 1943 he joined the ranks of the 8th platoon of the “Jurand” 1st Vilnius Brigade of the Home Army, and then took part, with the rank of a private, in the “Gate of Dawn” operation, and in the Battle of Krawczuny. In August 1944, along with his brothers in arms, he was disarmed and forcibly conscripted into the Red Army, in which he served as a private in the 5th Company of the 2nd Battalion of the 361st Infantry Regiment stationed in the towns of Kaluga and Mieszczora. In January 1946, he was released from this compulsory military service, and in August the same year he joined the Polish Army. Soon, he was referred to the Communications Military Academy in Sieradz, from which he graduated with a promotion to the rank of second lieutenant in 1948. Subsequently, he served in command and staff positions in units of the communications corps in Elk, Olsztyn, and Lidzbark Warmiński. In 1950, he married J. Orłowska and they had two daughters. Passing his school-leaving examinations in 1951 allowed W. Stankiewicz to take up extramural studies at the Higher School of Planning and Statistics in Warsaw. Based on a study under the title Karl Marx’s Theory of the Market Value, written under the direction of E. Lipiński, he obtained a master’s degree in economics in 1959. At the same time he was promoted to the rank of major. In August of that year, he began research in the Department of War Economics of the Military Political Academy in Warsaw. He defended his doctoral thesis in 1962 at the Higher School of Planning and Statistics and two years later he was promoted to lieutenant colonel and was put in charge of a research unit (department). The thesis under the title The Development of English Military and Economic Thought was the basis for obtaining in 1966, at the Higher School of Planning and Statistics, the post-doctoral degree (habilitation) owing to which he was entrusted with the Chair of Economics and Planning of Defence at the Military Political Academy. In 1970 he was promoted to the rank of colonel. He was granted the title of associate professor in 1972 and, ten years later, the title of professor. At the Military Political Academy he also served as commandant of the Military Institute of Economics and deputy commandant (vice-chancellor) in charge of research. He ended his professional military service in 1990, i.e. after 47 years. Despite his retirement, he continued (until 1998) working as a professor at the Institute of Economics of the National Defence University. At the same time (from 1991), he was in charge of the Chair of Economics of the Private Higher School of Business and Administration in Warsaw. In his spare time he indulges in tourism; he has visited all the European countries, the USA, China, Ethiopia, Morocco, and Turkey. For his academic work and achievements, W. Stankiewicz has
been honoured four times with the Minister of Defence Award (1965, 1969, 1971 and 1973), the Partisan Cross, medals: Bronze, Silver and Gold “Medal of the Armed Forces in the Service of Homeland”, Bronze, Silver and Gold “Medal of Merit for the Defence of the Country”, as well as state decorations such as: Officer’s Cross and Knight’s Cross of the Order of Polonia Restituta. On January 29, 2014, the National Defence University honoured W. Stankiewicz with an honorary doctorate (honoris causa).

Although he began his academic work at the age of 35, the results of his work could suffice to be counted as achievements of a group of several people. Over the period of 55 years he taught a wide range of subjects, actively participated in several dozen academic conferences. He was the supervisor of twenty-one doctoral dissertations and, most importantly, has published about 350 works in Polish, Czech, German, English, Russian, Hungarian, and Bulgarian. The scope of his academic investigations covers mainly war economics, the history of economic thought, and institutional economics. These areas, however, do not cover all his research problems, since he was also interested in the labour market, black economy etc.

2. THE ECONOMICS OF WAR

The economics of war, later known interchangeably as economics of defence, belongs to the younger disciplines of knowledge. W. Stankiewicz has devoted nearly 200 publications to it, including several monographs. A synthesis of his research and views in this regard is the book under the title *Ekonomika wojenna (The Economics of War)*, published twice, in 1970 and in 1981. He raised issues in this field in many other works, among others: Problemy ekonomiki wojennej we współczesnej literaturze czechosłowackiej (Issues of the Economics of War in Modern Czechoslovakian Literature) (1962), Uwagi o modelach w ekonomice wojennej (Notes on Models in the Economics of War) (1968), O potrzebie teorii gospodarki wojskowej (On the Need for a Military Economic Theory) (1969), Przedmiot ekonomiki obrony (The Subject of the Economics of War) (1976), Społeczne ujęcie przedmiotu ekonomiki obrony

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(A Social Approach to the Subject of the Economics of War) (1987), and Wybrane problemy ekonomiki wojennej (Selected Problems of the Economics of War) (1988). Their author specified and justified the subject matter and the scope of study of the new discipline co-developed at that time, and its relationship with other disciplines of knowledge. According to W. Stankiewicz, the subject matter of the study of the economics of war is wartime economy. This independent (since the First World War) scientific discipline deals with the regularities that occur during the creation and functioning of a war economy. Its field of study covers the relationships between the capabilities of a country, or a coalition, and some foreseeable war needs, as well as the functioning of the system or war economy during an armed conflict. The economics of war is closely linked with general economics, industrial economics, the science of finances, and the science of war. In the process of its development, the economics of war has developed its own unique expert language; the most important concepts include: the military and economic potential defining the relationships between military force and economic capabilities of a country; armaments production; economic mobilization; the war potential of the workforce; demobilization; the wartime allocation of resources, etc. Like the theory of economics, the economics of war uses modelling of phenomena. The economics of war states that the basic objectives of management are appropriate to the nature of the economic system, but in a military and war emergency specific objectives arise. Adopting a goal that should be pursued by a given system of national economy as a criterion for the classification of models, W. Stankiewicz singled out the following models: a peace economy model, a war alert economy model, a war economy model, and a post-war reconstruction economy model. The construction and study of behaviour of these models is what the economics of war focuses upon.

W. Stankiewicz published an original explanation of the phenomena and processes that occurred in our country in the early 1980s in his articles: Geneza systemu gospodarki zagrożenia wojennego (The Genesis of the War Threat Economic System) (1982), Istota gospodarki zagrożenia wojennego (The Essence of the War Threat Economy) (1982), Reforma gospodarcza a gospodarka zagrożenia wojennego (The Economic Reform and the War Threat Economy) (1982), and

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in the collective work under the title: Gospodarka zagrożenia wojennego. Polska 1980–1982 (The War Threat Economy. Poland 1980–1982) (co-authors: Z. Kołodziejak, A. Rogucki, A. Sokolowski, W. Wasiak, and M. Wasylko, 1983), which is an excellent complement to The Economics of War. In the introduction to The War Threat Economy its authors emphasized that the issues raised in it are the subject matter of the study of the economics of defence. The economics of defence discusses the principles of functioning of a peaceful defence economy. “The importance of matters of the defence economy”, as the authors wrote, “in every country is so high, so closely linked with its social and political system, that everything that determines the strength or weakness of the defence economy has to be a concern for the authorities and citizens. The whole history of Poland attests that any disregard for issues of the defence economy gave rise to a real threat to the nation and the state. Mindful of this experience, we must draw conclusions also from this latest bitter lesson”5. According to the authors of the book cited, the war threat economy is a special form of the defence economy, which was formed between August 1980 and December 19826. In the chapter devoted to the genesis of the war threat economic system, W. Stankiewicz stressed that he had conducted an analysis of this economy from the point of view of the science of war and economic sciences, i.e. the economics of defence. This scientific discipline deals with the study of military-economic phenomena. Economic phenomena are examined through the prism of the defence tasks of the state. The author of the cited book made the state of war and peace conditional on the country’s economic potential7. W. Stankiewicz wrote: “In accordance with the principles proclaimed by the economics of defence, we assume that the peace economy is such a system of national economy as meets the objectives specific to the social system and spends on defence not more than 8–10% of national income. It also means that the long-term balance between the civilian sector and the military sector (armed forces and facilities primarily in the form of the armaments industry) does not undergo any serious changes”8. If the threat of war increases and there is a need to increase military and economic potential, then we are dealing with the war threat economy. “The war threat economy is a form of war alert economy, a sys-

6 Ibidem.
8 Ibidem, p. 11.
tem built temporarily in order to eliminate the danger of civil war and to return to the normal conditions of a peace-time economy. In turn, the war economy occurs when a country is at war. Then, military spending exceeds the level of 20–25% of national income, and production in the military sector grows at the expense of the civilian sector. War allocation of resources occurs, which is subordinated to the needs of war. W. Stankiewicz described the situation prevailing in Poland in the early 1980s as an economic war triggered off by NATO countries. The author of the book cited warned that each side of the conflict would only suffer losses, and NATO countries would not achieve either military or political success.

The expansion of the defence potential of the country requires improving the system of management in this regard. W. Stankiewicz addressed this issue in his book under the title Planowanie obronne. Studium podstaw teoretycznych (Defensive Planning. A Study of Theoretical Foundations) (1977) and the following articles: Kompleksowy system planowania w siłach zbrojnych (A Comprehensive System of Planning in the Armed Forces) (1972), O dwóch kategoriach z dziedziny planowania obronnego (On Two Categories in the Field of Defensive Planning) (1972), Kierunki doskonalenia systemu planowania wojskowego (Directions in the Improvement of the Military Planning System) (1975), Programowanie obronne (Defensive Programming) (1975), and System planowania obronnego i wojskowego (The System of Defensive and Military Planning) (1975). Beginning from the general theory of praxeology and the theory of organization and management, the author of the cited book conducted a thorough analysis of systems of defensive and military planning, which are subsystems of the defence management system. The defensive planning system includes the creation and exploitation of defensive potential. In turn, the system of military planning includes the decision-making processes within the armed forces. This book also includes procedures, methods, or techniques of construction of defensive and military plans.

One of the issues addressed by the economics of defence is economic mobilization. It involves a rapid launch of military and economic potential, whose aim is to create an efficient system of war economy. However, as observed by W. Stankiewicz, history has noted a number of examples that attest to frequent delays in moments of economic mobilization, or to ac-

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In the book Integracja w kapitalizmie. Problemy ekonomiczne i militarne (Integration in Capitalism. Economic and Military Issues) (1969), the authors, T. Grabowski and W. Stankiewicz, conducted an original analysis of the impact of the integration processes which had taken place in European capitalist countries on the development of their military and economic potential. The subject of their inquiry was not only the economic, political and military prerequisites and forms of integration agreements, but also the effects of integration processes in the form of a common policy on standardization, and the creation of joint civilian and military infrastructures, as well as in the field of the joint production of armaments. In their conclusion, T. Grabowski and W. Stankiewicz noted that the processes of integration analysed would deepen under the influence of the same factors of economic, political and military nature, which had laid the foundations for the post-war Western European integration.

In the book under the title Ekonomiczne problemy militaryzacji NRF (Economic Problems of Militarization of the FRG) (1965) W. Stankiewicz, together with M. Chęciński and T. Grabowski, showed the revival of militarism in the Federal Republic of Germany. It was evidenced by the increase in budgetary expenditure on military purposes and the increase in the military potential of the country. The West German army was expanded reaching 500 000 soldiers, and thus became the largest military force among the European members of NATO. Its striking force is capable of performing key military tasks of the North Atlantic Pact. The greatest military spending occurred in the first years of the 1960s. The main source of financing

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the costs of expansion and modernization of armaments were the tax revenues of the state budget that grew rapidly during the German “economic miracle”. Financing the intensive expansion of the Bundeswehr was also possible owing to the favourable West German economic situation, aimed at export expansion. The trade balance surplus also enabled the financing of imports of modern weapons. The share of armaments production in total domestic production approached that of France and Great Britain, but the military and economic potential was much greater than that of other NATO members in Europe. In addition, Germany had, after the USA, the second largest labour force war potential of all NATO countries.

W. Stankiewicz devoted the monograph under the title Potrzeby ekonomiczne potencjalnej wojny i ich zaspokojenie (Economic Needs of a Potential War and Their Satisfaction) (1980) to the probability of the occurrence of armed conflicts, and especially nuclear war, in the last decades of the 20th century, and to the potential costs of conducting them, as well as military and economic preparations made on the part of NATO and the Warsaw Pact countries. He emphasised the need to clarify the concept of “war production”. This category covers not only the production of means of combat, but the entire production of armaments and the functioning of the whole system of defensive economy. The “synthetic index of military-economic potential” is very useful for this type of discussion, i.e.: where stands for military and economic potential, stands for ex ante or ex-post estimated national income of the structure accepted by the military doctrine, stands for the duration of the military conflict, and stands for the time of economic mobilization. Although there are many trouble spots worldwide, and potential possibilities of an outbreak of conflicts of all kinds, the author of the cited work hoped that a world without war would be possible.

A treatise under the title Konwersja zbrojen. Oczekiwania i fakty (The Conversion of Armaments. Expectations and Facts) (1999) deals with an important phenomenon that occurred in several countries belonging to NATO and the no longer existent Warsaw Pact. In the words of the author of the book “conversion is a shift from civil to military production, or from military to civil, forced by circumstances and implemented in a relatively short period

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18 Ibidem, pp. 4–6 and 122.
of time”\(^{19}\). This concept can be expressed either narrowly or broadly. “In its narrow scope, it is limited to the process of transformation of an armaments plant and its staff. The widest range covers a total demilitarization of the entire national economy, even the global one. In the set of proposed definitions of conversion, a solid basis in the form of two features can be observed: 1) that it is a shift of plants and their staff from military-oriented production, or research, to the civil sector; 2) that the objective is to ensure the reintegration of the redundant labour force, i.e. soldiers and workers, with the civil sector of the national economy, as well as at least a partial adaptation of military equipment to civilian needs. Some experts add to this basis the aspect of the necessity of state planning and taking into account the final objective, i.e. the elimination of military production from the economy, and changes in social attitudes regarding the usefulness of military forces in the modern world”\(^{20}\). In countries that carried out the conversion of armaments after the end of the Cold War, state authorities made radical decisions and allocated substantial funds from their budgets to cover the costs of shifting armaments industry plants to civil production. In some cases special production and the military-industrial complex were significantly reduced, while in others production for military purposes was modernized. Unfortunately, according to W. Stankiewicz, no comprehensive program was developed in Poland, nor was any restructuring of typically military plants, and those using dual purpose technologies, carried out\(^{21}\).

The following articles should be considered as works of exceptional value: *Kilka uwag o logistyce (Some Remarks on Logistics)* (1965), *Planowanie logistyczne (Logistic Planning)* (1966), *System logistyczny sił lądowych Stanów Zjednoczonych (The Logistic System of Land Forces of the United States)* (1966), *O kilku ujęciach logistyki w literaturze przedmiotu (On Several Presentations of Logistics in the Literature of the Subject)* (1992), *Nowe trendy we współczesnej logistyce zachodniej (New Trends in Modern Western Logistics)* (1995) and the book *Logistyka. Z zagadnień gospodarki wojskowej państw NATO (Logistics. Some Issues of the Military Economy of NATO Countries)* (1968), which was the first such comprehensive Polish monograph in this field. W. Stankiewicz explained in it the genesis of this concept and outlined the scope of its research as a scientific discipline. The findings of the author of *Logistics* show that the word “logistics” probably comes from the French words *logis* mean-


\(^{20}\) *Ibidem*, p. 9.

\(^{21}\) *Ibidem*, pp. 17 et seq.
In Polish, this term appeared for the first time in 1835 thanks to W. Nieszokoć, who translated the work of the military theorist H. de Jomini under the title *Obraz rozbiorowy przednieszyszych kombinacji wojny* (*The Partition Image of the Finest Combinations of War*). In turn, in 1962, M. Fuks published in „Przegląd Kwatermistrzowski” (“The Quartermaster’s Review”) an article under the title *Co to jest „logistyka”?* (*What is “logistics”?*) Today, the material scope of logistics includes the functions of supply and transport, which enable the armed forces to combat. Supply combines production with the exchange, distribution and maintenance of equipment, weapons and materials. The scope of logistics also includes the services provided to the armed forces such as the repair of equipment and gear, and administration, namely organizing, coordinating and managing military-economic projects. “The role of logistics”, as W. Stankiewicz wrote, “is to provide the armed forces with material means, using which they can carry out their tasks. In other words, the content of logistics is the creation and continuous maintenance of supply to the armed forces in order to maximize their combat capability. It is from the content and role of logistics that the imperative to coordinate tasks between different services and organizations dealing with separate problems of material and technical supply springs”. Although the concept was entering a much wider circulation, W. Stankiewicz approached its assimilation into the Polish language with reserve. Namely, he wrote: “Thus, not for official needs, but for reasons of scientific research, I would suggest the adoption, instead of such concepts as “quartermaster’s department”, “commissariat”, “rear service and logistics”, of the term “military economy”. In our language the term “economy” usually does not require any closer defining, and is widely understood. However, one could define this concept also somewhat more closely, for example: military economy is the whole economic activity conducted within the armed forces according to military needs. In my opinion, the expression “theory and practice of military economy” will not cause any reservations now. The theory of military economy could mean the search for generalizations and regularities in activities related to the use of the material resources allocated to the armed forces. This term would not be contradictory either, if we replaced it with the expression “military economics”. If we now look at the shape of logistics and its history, then, with all the evolutions in its scope, logistics has always dealt with mat-

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23 *Ibidem*, p. 54.
sters of military economy. Different systems of material procurement, transportation, purchase, supply and distribution, as well as maintenance of equipment and weapons on technical standby are after all different aspects of economic actions undertaken within the armed forces”

3. THE HISTORY OF ECONOMIC THOUGHT

W. Stankiewicz came to the study of the history of economic thought in a roundabout way. Initially, he took an interest in the birth and evolution of views on the economic problems of war, or military and economic views. These considerations include a combination of studies of the history of the development of military doctrines with the history of development of the economy. This area of knowledge is a new trend in the history of economics, which explores the interrelationships occurring between economic phenomena and phenomena of war.

W. Stankiewicz’s first publications in this field included the article under the title Problemy wojenno-ekonomiczne w angielskim merkantylizmie (Military and Economic Issues in English Mercantilism) (1966), and the book Rozwój angielskiej myśli wojenno-ekonomicznej (The Development of the English Military and Economic Thought) (1966). The author of the cited book emphasized that economic thought has the greatest impact on the development of military and economic thought. Military and economic thought are not independent, but constitute a part of overall economic thought. The authors of the first treatises about the relationship between the condition of the economy and the war strength of the state were English mercantilists, among others, J. Hales, T. Mun, G. Malynes, J. Child, W. Petty, C. Davenant, J. Graunt, and G. King. They pointed to the role of foreign trade in the creation of the wealth and military power of the country. They also tackled the problems of financing war expenditures and military and economic preparations. The creators of the classical school, i.e. A. Smith and D. Ricardo, analysed the military and economic potential and methods of financing numerous wars waged at that time. On the other hand, J. Mill, J.S. Mill, J.R. McCulloch, W. Nassau Senior and T.R. Malthus pointed to the tendency for armed conflicts to disappear as a result of foreign trade development and strengthening economic ties between all countries. The main task of the state will therefore be to carry out defence policy. The founder of the neoclassical school, W.S. Jevons, imposed on the government the task of the internal and external protec-

tion of the country, in accordance with the principles of economic calculation. During the First World War, war economics was isolated as an independent branch of science. This event is associated with the appearance in 1915 of the books by F.W. Hirst under the title The Political Economy of War. It was A.C. Pigou, however, who was the author of a comprehensive lecture on war economics. In his treatise under the same-sounding title The Political Economy of War, published in 1921, he presented in an orderly manner the subject matter of war economics, the causal links between the condition of an economy and war, problems of military and economic potential, the issue of the wartime allocation of resources, war finances and controlling the war economy, issues of economic demobilization and the economic consequences of war.

An important stage in the development of war economics was the interwar period and the activity of J.M. Keynes, who raised the issue of war reparations, outlined the policy of preparing the economy for defensive activities, and developed a plan for financing war and the system of the wartime allocation of resources. The considerations presented in the book Rozwój angielskiej myśli wojenno-ekonomicznej (The Development of the English Military and Economic Thought) led W. Stankiewicz to the conclusion that English military and economic thought had had a profound impact on the development of world, mainly American, French and German military-economic literature, and the development of universal economic thought.25


uted to the development of the overall military and economic mainstream in the socialist countries. According to W. Stankiewicz, socialist military and economic thought was developed to the utmost by K. Marx, F. Engels, W.I. Lenin and R. Luxemburg, as well as by a large group of representatives of the Soviet science of war including, among others: N. Bukharin, M. Sindeyev, F.A. Maksheev, W. Vashlyevitch, E.J. Svyatwovskiy, A. Tchayanov, M. Frunze, B.M. Shaposhnikov, M. Tukhachevsky, A.A. Svyetchin, Y. Khmyelnitska, M.J. Savitsky, N. Voznyesyensky, G. Shygalin, G.S. Kravchenko and J.J. Tchadayev. The subjects of their considerations were the subject matter and nature of war economics, functions of the system of wartime communism, the expansion of military and economic potential, economic mobilization, and economic problems of disarmament. In this book, W. Stankiewicz also presented the achievements of Polish, Czech, Slovak and East German authors in terms of the interdependence between economy and defence.

Another topic of the studies conducted by W. Stankiewicz since 1976 was the development of American military and economic thought. He published their results in five books and the article: *Amerykanizacja angielskiej ekonomiczki wojennej* (*The Americanization of English War Economics*) (1979). In the first book in this field under the title *Amerykańska literatura wojenno-ekonomiczna w okresie 1960–1970* (*American Military and Economic Literature in the Period 1960–1970*) (1977), its author presented, among others, the views of Oscar Morgenstern and James R. Schlesinger on defence policy; the considerations of Charles J. Hitch and Roland N. McKean on the procedures for military and economic planning and the efficient use of resources available for national defence; the essence of the p–p–b procedure (*planning — programming — budgeting*), which serves the economic analysis (quality, costs and time) of weapon systems, equipment and tasks associated with war preparations; and finally the stance of John J. Clark on the usefulness of systems analysis and game theory in making military and economic decisions.

In the second book in this field, under the title *Pierwociny amerykańskiej myśli wojenno-ekonomicznej* (*The Beginnings of American Military and Economic Thought*) (1980), W. Stankiewicz presented the course of the American War

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26 It should be noted here that W. Stankiewicz was for a long time a follower of Marxism, but he was not a dogmatic Marxist or a supporter of socialism, which was intended to implement the principles of social justice, and for some time had been promoting institutional economics.


of Independence (1775–1783), the British-American War (1812–1814), the Mexican-American War (1846–1848) and the American Civil War (1861–1865), as well as the originators of American war economics. Alexander Hamilton, the “father” of American economics, justified the use of economic policy and defence policy for the creation of a single economic entity and national power. On the other hand, Henry C. Carey, a supporter of protectionism, condemned trade and war as phenomena occurring together, and acting to the detriment of agriculture, which constitutes the foundations of a country’s strength and might.  

W. Stankiewicz devoted his treatise *Amerykańska myśl ekonomiczna w okresie I wojny światowej* (*American Economic Thought During World War I*) (1983) to the origins of American imperialism and the evolution of military and economic thought, which justified the conduct of a war of conquest. In response to the needs of the new military doctrine, the armaments industry developed, making war policy independent of imports of armaments. Soon, this country joined the group of world powers. Many prominent American economists worked in the period analysed in this study, but only a few of them tackled the issues of interest to wartime economics. And thus T.B. Veblen, the creator of institutionalism, wondered about the phenomenon of British, German, and Japanese imperialism, and pointed to the need to levy a tax on domestic service, in order for them to contribute to the war economy. J.B. Clark treated the conduct of war as an economic undertaking, the costs of which must be balanced with the benefits. I. Fisher explained the causes and consequences of war inflation, while H.J. Davenport criticized war taxation as an unfair burden on the labour world.  

The fourth work under the title *Rozwój amerykańskiej ekonomiki wojennej w II wojnie światowej* (*The Development of American War Economics in World War II*) (1984) contains a description of the development and functioning of the American war economy (the basic elements of this process included economic mobilization and the dynamic development of armaments production for the Army, Air Force, and Navy), as well the associated process of the development of military and economic thought. In the period preceding the outbreak of World War II, economic concepts were developed by, among others, J.B. Clark, who advocated the maintenance of peace by the League of Nations, institutionalists, and Keynesians. After the outbreak of the war,
military training in the functioning of the war economy was introduced for economists in academic centres, so that they could join government institutions and the military sector. An attempt was also made to develop a synthesis of war economics, which included the theory of military and economic potential, the issue of economic mobilization, and the financing of war. Such a comprehensive monograph under the title *The Economics of War* was published in 1941 by Horst Mendershausen. He believed that societies entering a state of war must reorient their objectives and actions, and subordinate any action to one purpose, which is to win the war. Hence, being a study of economic issues of war, war economics sets models for the allocation of resources. As a result of socio-economic development and technological progress, the nature of war had changed, which war economics had to reflect. Therefore, this scientific discipline, included in the social sciences, deals with indicating ways of solving, by the government and individuals, economic problems faced by a people drawn into war. A Keynesian, S.E. Harris, wrote a two-volume synthesis on defence and economic policy and the American war alert economy and war economy, i.e. *The Economics of American Defense* (1941) and *The Economics of America at War* (1942). The collective work *Introduction to War Economics* (1942), edited by A.C. Neal, became a popular textbook of war economics. H.W. Spiegel, A. Lampe and J. Lindeman engaged in explaining the characteristics of war alert economy, whereas the theories of funding war were developed by W. Fellner, J.M. Clark, M. Friedman, K.R. Poole and C. Shoip, and the principles of controlling war economy processes were explored by, among others, W.W. Rostow, D.D. Humphrey, V. Abramson, W.A. Wallis and E.W. Swanson.

Combined, supplemented and standardized, these four studies formed an extensive monograph under the title *Amerykańska ekonomika wojenna. Studium historyczno-ekonomiczne* (*American War Economics. A Historical and Economic Study*) (1986). It is a synthesis of W. Stankiewicz’s previous research on the development of war and economic thought that took place in the USA, i.e. in a country with visible and very strong relationships between industry and the army.

In his last works in the field of military economics, i.e. *Johanes Gerber — współtwórca niemieckiej mikroekonomiki wojskowej* (*Johanes Gerber — a Co-founder of German Military Microeconomics*) (1992) and *Günter Kirchhoff i nowe*.

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ujęcie ekonomiki wojskowej (Günter Kirchhoff and a New Formulation of Military Economics) (2002), W. Stankiewicz presented original theoretical views and practical activity directed towards the new solutions in military structures of these two eminent German scholars and soldiers, who greatly contributed to the development of economic and military sciences in the 20th century.

The research into the development of war and economic thought conducted by W. Stankiewicz was the starting point for systematic studies in the field of general history of economic thought from its origins to the present. He announced the results of these studies in the form of brochures. In the years 1977–1982, the Publishing House of Military Political Academy in Warsaw published twenty eight papers in the following order: in 1977 — Fizjokratyzm (Physiocracy), Mercantylizm (Mercantilism), Myśl ekonomiczna feudalizmu (The Economic Thought of Feudalism), Myśl ekonomiczna niewolnictwa (The Economic Thought of Slavery), Początki szkoły klasycznej (The Origins of the Classical School) and Przedmiot historii myśli ekonomicznej (The Subject of the History of Economic Thought); in 1978 — Początki kierunku historycznego (The Origins of Historical Direction), Rozkład szkoły klasycznej (The Disintegration of the Classical School), Sismondi — narodziny ekonomii drobnomieszczańskiej (Sismondi — the Birth of Petty-Bourgeois Economics), System ekonomiczny Adama Smitha (Adam Smith’s Economic System), System ekonomiczny Davida Ricardo (David Ricardo’s Economic System); in 1979 — Poglądy ekonomiczne socjalizmu utopijnego (The Economic Views of Utopian Socialism), Polska myśl ekonomiczna w pierwszej połowie XIX wieku (Polish Economic Thought in the First Half of the 19th Century); in 1980 — Dwa nurty w marksistowskim kierunku myśli ekonomicznej (Two Currents in the Marxist Direction of Economic Thought), Instytucjonalizm (Institutionalism), Marksowski przełom w rozwoju myśli ekonomicznej (Marx’s Breakthrough in the Development of Economic Thought), Polska myśl ekonomiczna w okresie 1850–1918 (Polish Economic Thought in the Period 1850–1918), Rozwój kierunku historycznego (The Development of Historical Direction), System poglądów ekonomicznych Lenina (The System of Lenin’s Economic Views), Szkoła lozańska (matematyczna) (The School of Lausanne (Mathematical)), Szkoła neoklasyczna (anglo-amerykańska) (The Neoclassical School (Anglo-American)), Szkoła psychologiczna (austriacka) (The Psychological School (Austrian)); in 1981 — Myśl ekonomiczna Polski Ludowej (The Economic Thought of the Polish People’s Republic), Radziecka myśl ekonomiczna (Soviet Economic Thought), Rozpad szkoły

neoklasycznej (The Disintegration of the Neoclassical School), System ekonomiczny J.M. Keynesa (J.M. Keynes’ Economic System) and Współczesna burżuazjyjna myśl ekonomiczna (Modern Bourgeois Economic Thought); in 1982 — Katolicka myśl społeczno-ekonomiczna (Catholic Socio-Economic Thought). Compiled, standardized and systematized, these articles gave an overall picture of the formation and development of universal economic thought over two thousand eight hundred years in the form of a textbook under the title Historia myśli ekonomicznej (The History of Economic Thought)\(^\text{34}\) (1983). It was published by Państwowe Wydawnictwo Ekonomiczne (National Economic Publishing House), which reprinted this book as soon as in 1987. Following the transformation of this publishing house into Polskie Wydawnictwo Ekonomiczne (Polish Economic Publishing House), W. Stankiewicz’s book also appeared in 1998, in 2000, and in 2007. Each subsequent edition was amended and supplemented with newly formed schools and views. Hence, the latest edition has a significantly revised structure and content. It includes not only modern schools of economics, but also the views of Polish economists from the transition period\(^\text{35}\). These five editions meant that the book has become the most popular textbook for this subject in our country, defying the competition of monographs by foreign authors.

W. Stankiewicz’s constant interest in issues of the history of economic thought was also testified to by his publications in recent years, i.e. Ekonomika dobrobytu — wyczekiwany i zakłócony poród (The Economics of Well-Being — an Awaited and Disturbed Birth) (2012), and Kolejny sukces teorii gier: nobliści z ekonomii 2012 (Another Success of Game Theory: the Nobel Prize Winners in Economics in 2012) (2013). In 2008 he wrote a paper under the title O kondycji keynesizmu — kilka uwag (On the Condition of Keynesianism — a Few Observations), in which he stated that in assessing an economic doctrine the power of its impact on economic science and practice should be taken into account, and the consistency of views with facts should be verified. According to the author of the cited article, Keynesianism still has not eliminated the contradictions between its own macroeconomics and neoclassical microeconomics, as well as the problem of the short period associated with it, it still causes disputes over the employment-inflation alternative reflected in the Phillips curve, the minor usefulness of the concept of rigidity in wages and prices is exposed, the effects of Keynesian theories of economic growth are invisible from a global perspective, and his reluctance in explain-

\(^{34}\) W. Stankiewicz, Historia myśli ekonomicznej, PWE, Warszawa 1983, pp. 17 et seq.

\(^{35}\) W. Stankiewicz, Historia myśli ekonomicznej, 3\(^{\text{rd}}\) ed., PWE, Warszawa 2007, pp. 15 et seq.
ing global phenomena is often pointed out. According to W. Stankiewicz, despite these weaknesses Keynesianism has sustained the condition which allows this school to maintain a leading position in the heterodox current, and it also has a developmental potential. At the same time, the author of the article quoted lamented the limiting or displacing of the scientific discipline practised by himself from study curricula. He put it this way: “The current measures for the division of education into the bachelor’s and master’s degrees have already resulted in the elimination of a course on the history of economic thought from the first degree curricula, and in the maintenance of the Ministry of Education’s minimum for the master’s degree within the limits, which attests to the (at least) weak understanding by decision-makers of the need to use the experience of the past”.

Still in 2014, W. Stankiewicz “put together” a piece of work under the title *Genius loci poznańskiej szkoły ekonomii: próba życzliwej zadumy* (The Genius Loci of the Poznań School of Economics: an Attempt of a Kind Reverie). In it, he highlighted the achievements of prominent social and economic activists connected with Wielkopolska (Greater Poland), i.e. Jakub of Paradyż, J. Ostroróg, and A. Cieszkowski, as well as scholars such as T. Brzeski, J. Rutkowski, E. Taylor, W. Wilczyński, and W. Jarmołowicz. The academics mentioned created the Poznań School of Economics, which is in the forefront of academic centres in Poland.

4. INSTITUTIONAL ECONOMICS

The last major thematic block W. Stankiewicz dealt with is institutional economics. He began his studies on the views of the representatives of this American economic school as early as in 1980, and presented them in the works already mentioned, i.e. *Instytucjonalizm* (Institutionalism), *Pierwociny amerykańskiej myśli wojenno-ekonomicznej* (The Beginnings

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37 *Ibidem*, p. 145


of American Military and Economic Thought\textsuperscript{40}, Amerykańska myśl ekonomiczna w okresie I wojny światowej (American Economic Thought During World War I)\textsuperscript{41}, Rozwój amerykańskiej ekonomiki wojennej w II wojnie światowej (The Development of American War Economics in World War II)\textsuperscript{42}, Amerykańska ekonomika wojenna. Studium historyczno-ekonomiczne (American War Economics. A Historical and Economic Study), and in the articles: Thorstein Veblen — mistrz ekonomiczny instytucjonalnej (Thorstein Veblen — the Master of Institutional Economics) (2002), and Wesley Clair Mitchell — pragmatyzm i metody ilościowe w ekonomice instytucjonalnej (Wesley Clair Mitchell — Pragmatism and Quantitative Methods in Institutional Economics) (2002). Broader and deeper studies in this area resulted in the form of a monograph under the title Ekonomika instytucjonalna. Narodziny i rozwój (Institutional Economics. The Birth and Development), which was published in 2004. It contains a complete lecture on the views that de-mythologised North American society and the economy of the late 19\textsuperscript{th} and early 20\textsuperscript{th} centuries. The views of the creators of the new school, called institutionalism, significantly differed from the official economics\textsuperscript{43}.

The creator of institutionalism was the American economist of Norwegian origin T.B. Veblen. In the monograph referred to, W. Stankiewicz focused on presenting the basic concept of the Veblenian concept, i.e. the theory of the leisure class and the analysis of the corporation. In his book The Theory of the Leisure Class, an Economic Study of Institutions (1899), T.B. Veblen conducted a thorough analysis of contemporary American capitalism and a critique of the world of business and the philosophy of money. The basic element of the theory of the leisure class is the category of institution, which belongs to the set of categories of social institutions. Social institutions are the dominant modes and habits of thinking, or modes of describing phenomena, dependent on existing social conditions as well as the functions performed by managing individuals and communities that affect people’s lives. The leisure class is also a social institution. The development of the leisure class was a slow, gradual process and occurred during the transition period from the stage of savagery to the stage of barbarism. The people of the leisure class owed their wealth to their power and cunning, not creating anything themselves. What is even stranger, they plundered by social consent, for which they were admired and respected. It was material competition, which gave birth to the institution of private property, that proved to be impor-

\textsuperscript{40} W. Stankiewicz, Pierwociny amerykańskiej..., op. cit., pp. 84–87.
\textsuperscript{41} W. Stankiewicz, Amerykańska myśl..., op. cit., pp. 71 et seq.
\textsuperscript{42} W. Stankiewicz, Rozwój amerykańskiej..., op. cit., pp. 94 et seq.
\textsuperscript{43} W. Stankiewicz, Amerykańska ekonomika wojenna..., op. cit., pp. 59 et seq.
tant for the leisure class. The same social forces developed both the leisure class and private property. And those two social institutions are the basic determinants of social structure. Property as a social institution was created not out of the need to provide the means of subsistence, but from a desire to distinguish oneself in society in terms of wealth. Possession of goods was a proof of resourcefulness, called entrepreneurship, assessed as a virtue. Wealth was regarded as a sign of having gained an important position in society, hence the constant striving to multiply one’s assets, to compete more and more intensively. As a result of this trend, a commonly accepted standard of wealth evolved. Consumption for show, moral hypocrisy, and idleness became hallmarks of the leisure class. Idleness did not mean blissful inaction, but unprofitable utilization of time. The class of the rich “have practised” idleness since the stratification of society that occurred during the transition from the plundering phase to the quasi-peaceful phase. In the leisure class, or the rich, all behaviours are subordinated to material competition, and work is treated with contempt. Thus, gaining prestige required not only possessing wealth and power, but also demonstrating them outside. Leading an idle life, the class of the rich proved their wealth and advantage in the material field. The growing importance of material rivalry was accompanied by depreciation of the habits of hard work and thrift. Contempt for productive work grew to the status of a social norm, while refraining from work was treated as decency, which was much revered. The leisure class attained a more complete, finished form after moving to the next stage of social development, i.e. to the monetary culture. This culture dictated to the leisure class economic robbery, which was performed with more perfect methods. Society’s admiration for money winners strengthened plundering patterns imitated by members of the lower classes overwhelmed by the demonstrative spending of money and wasting it. In this new stage, the leisure class deals with governance, military art, religious rites, and sports, and so activities that multiply wealth without the effort of production. Ostentatious idleness was even acknowledged by science and art, principles of good manners, etc. Ostentatious consumption, which supplemented material competition, played a special role in the evolution of idleness. Unproductive consumption was to attest to wealth, dignity and nobility. Comfort and luxury goods were to be the privilege of the leisure class only. Ostentatious consumption and idleness are a waste of material goods and time. Although waste of goods and time had been born in the distant past, it was also integrated into the way of life of modern society and is evidence of the impact of the leisure class. Their behaviour and attitudes have become a pattern for the other classes. Most modern people strive to achieve the existing standard of living, defined by a decent level of consumption. Thus, waste
became an honour and a sign of prestige. The sense of beauty was associated with owning expensive items that shape tastes. The world of money has mixed aesthetics, money, prestige, and taste. Although disgusting, the theory of the leisure class, with the famous “Veblen effect”, turned out to be close to the nature of modern man who despises hard physical work, and recognizes limitless accumulation of wealth, luxurious, albeit unnecessary, consumption, ubiquitous advertising, unhealthy competition, and the existence of the leisure class. In his book *The Theory of Business Enterprise* (1904), T.B. Veblen used the theory of the leisure class for the analysis of the corporation. Corporations have gained a dominant position in the economy and marginalized other economic entities. Business entrepreneurship includes investment activity aimed at achieving maximum pecuniary profit. The businessman has become a major actor of the economic system and a power of supervising industry. Industry control is performed by markets and investments. Great businessmen achieve large profits, not by increasing productivity, but from the disturbances that occur in the process of the adjustment of the economy and society to the changes caused by the introduction of technological progress and activities in the sphere of ownership division. The world of production is subordinated to the will of the world of money. The development of the corporation is accompanied by aggravating contradictions between industry and business. Business is guided by the profit motive, the accumulation of wealth becomes the purpose and effect of action, and buying and selling is treated as a method of achieving them. The institution of credit is a big support for business. For this reason, the modern capitalist economy is called a credit economy. Due to its strength, big business has subordinated the institutions of the state to its own interests. It follows that the world of business is associated with administration, law, domestic and foreign policy, and even military systems. The government and its budget serve business. In other words, the government exercises power in the interest of big business people, with the consent of a substantial part of society. In the book *Absentee Ownership and Business Enterprise in Recent Times. The Case of America* (1923), T.B. Veblen pointed out that in the second half of the 19th century a new socio-economic situation occurred, which was “absentee ownership”. It was a new form of associations, such as large corporations owned by great owners controlling the means of production. Absentee ownership works to the detriment of the population and the industrial system. While corporations arm plants with the necessary means of production and employ technical staff, they do so for profitable business, and not for productive work or production. Therefore, corporations should not be regarded as a creative force in industrial production. An effect of the corporation may be credit inflation, de-
pression, and an apparent increase in wealth. Absentee ownership has created great capital, which established control over strategic sectors of the economy in its own interest. Real production is not a concern for the great capital, but the maximization of the profit expressed in money. The expansion of credit comes into conflict with technical progress. This conflict becomes the main contradiction of the system⁴⁴.

Another scholar whose achievements were presented in the book Ekonomika instytucjonalna. Narodziny i rozwój (Institutional Economics. The Birth and Development) is John Roger Commons. According to W. Stankiewicz, it was this academic who introduced institutionalism into general circulation, and is also recognized as an independent co-founder of American institutionalism, who explained the relationships between economics and law, and the role of law in creating socio-economic order. He is also counted among the co-authors of labour economics, and experts on labour conflicts, negotiations, and collective agreements. In the development of capitalism, J.R. Commons distinguished three stages: commercial capitalism, industrial capitalism, and financial capitalism, meaning the control of the entire economic system by companies and holdings. The interests of social classes are represented in the state and in power disproportionately to their number, which is why property rights, power, freedom, and opportunities are unevenly shared. In the economic system, there are inequalities in the distribution of income and wealth, and there are different types of rents and artificial business entities. Therefore, the author of The Distribution of Wealth (1893), advocated implementing reforms through evolutionary changes of the economic system, not a revolution that would lead to its liquidation. His ideal was equal opportunities to start, the right to education and employment, as well as freedom of establishing labour unions. According to J.R. Commons, value and economy are central categories of economic theory. He understood value as a sum of similar values, while he interpreted the economy as a multiple of different values. Management and the economy constitute an operating system. In the theories of value so far, the quantitative dimension was exposed, i.e. they were quantitative theories, as well as the temporal dimension, forming theories of expectations, relating to the human will. Thus, the above theories were mechanical and volitional ones. In the economy, both human relations to nature and man to man relationships occur. We can therefore distinguish a technical economy as well as a business economy and a political economy. For this

reason, the connections between economics, law and politics are of key importance especially for ownership and power relations. Economics, as he claimed in *The Legal Foundations of Capitalism* (1924), deals with the rules of operating systems, determining the behaviour of economic entities at the conclusion of transactions. Therefore, economics is a science of action. However, in his book *The Economics of Collective Action* (posthum., 1950) J.R. Commons decided that the problems of humanity, which include attempts at survival, or ways of being rich, are the subject of its study. This means that economics deals with issues of creation of wealth and distribution of income. In his book, *Legal Foundations of Capitalism* he took the view that operating rules define the responsibilities, powers, and limitations of individuals. J.R. Commons treated transactions as elements of the economy, while he regarded operating rules as the principles that had been developed by courts with regard to the concept of ownership, power and value. This means that economic terminology and its interpretation have, in large part, been created by the system of legislative and judicial practice. American courts have developed concepts and categories used by the economy. Thus, “ownership” originally meant the possession of material objects containing user value, but over time it came to mean owning something that contains exchange value. Value can thus be physical and elusive. They corresponded to two “functioning systems”, i.e. the organization of production, and operating business. In the former, user values are created, in the latter — replaceable ones. “Freedom” is suitable for exchange and is a potential source of benefits, therefore, it has its value and it constitutes property. In the analysis of “transaction”, he pointed out that the concept also contained the human will, associated with the act of choosing from among various alternatives of the allocation of resources, performed within the existing constraints. The category of transaction is part of the legal foundations of economics. In contrast to the traditional model of the two-person system of transaction, he also took into account the five-person model. In this sense he distinguished: the buyer, his competitor, the seller, his rival, as well as the environment of the system, or a body determining the principles of transaction. An analysis of their behaviour helped to organize the powers and responsibilities of the various actors. In turn, the foundations of negotiation are: competition, equal opportunities, bargaining power, and the constitutional right to a fair trial. In the book *Institutional Economics. Its Place in Political Economy* (1934) J.R. Commons stressed that political economics is a theory of operating systems on a macro scale. Political economics is therefore the theory of national economy. Institutional economics is a component of economics about the course of collective action. These actions are affected by the customs of the world of work and the business world, customary
law and jurisprudence. Among the conditions in which individual transactions are made, the author of Institutional Economics included: limited resources, private property, and the conflict of interest. These transactions must be subjected to collective control. Transaction understood as a basic unit of activity combines legal, economic, and ethical issues. These are transactions that belong to the central issues of the theory of economics. The rights of future ownership of goods are the subject of transaction. They must comply with the requirements of collective principles of the social game. Economics deals with three types of transactions, i.e. tender, managerial, and rationing transactions. J.R. Commons understood institution as collective actions and operating rules, which allow the control of individual action, as well as containment and release of individual actions. Thus, the American economist identified institution with a system in operation. In his books The Economics of Collective Action and Institutional Economics he pointed out that an important segment of institutional economics is the theory of collective action. The participation of all individuals is a condition for recognising a given action as a collective one. These actions predominate in the life of societies. The category of collective action also covers collective economic action. The main types of these actions are corporations, labour unions, and political parties. Beside them, there are also collective tenders, which are the procedures to create state law, and a framework for democracy. Collective action affects the actions of individuals, because they are its participants and a product. The influence of the habit on individual behaviour is clearly visible here. The need to adapt an individual to the habit stems not from the compliance of the habit with reason or logic, but from the universality of its nature.

W.C. Mitchell, another progenitor of institutionalism and a hero of W. Stankiewicz’s book, focused on the theory of monetary economy, and the real business cycle theory. According to historians of economic thought, he initiated the modern study of the economic situation in the USA. In his book Business Cycles (1913) he stated that older and newer cycle theories are not erroneous ones, but rather inadequate in relation to the existing reality. Their value consists in the fact that all these theories explain specific fragments of the phenomenon of cyclical fluctuations. They provide additional, complementary knowledge of the cycle, and therefore all cycle theories should be used. An analysis of this phenomenon should take into account the motives of management and the mechanism of functioning of the capitalist system. In the capitalist system, there is no production planning or mechanisms protecting the economy from collapsing. There are also no natural econom-

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45 Ibidem, pp. 75 et seq.
ic laws acting as safety valves. Thus, there is no one, single, or ultimate cause. This means that there are countless factors that cause regular fluctuations in the business cycle, which is a series of interrelated phenomena. In his study *Business Cycles: The Problem and Its Setting* (1927) W.C. Mitchell presented a detailed description of the various phases of the cycle. In the recovery phase there are successful economic phenomena, e.g. a good harvest in agriculture, an increased demand for export, or technological advances in industry. In the recovery phase, business activity intensifies, prices of goods and services, as well as investment and profits, rise. Growth in business activity is accompanied by an increase in demand, and a wave of optimism amongst persons running businesses. The transition to the prosperity stage (*the boom*) is reflected in an increase in prices, wages, and profits. The capital market is dominated by speculative operations. New businesses are created and the existing ones are expanded, leading to an increase in investment and lending. The prosperity phase does not last long. In the final period of prosperity, the costs of doing business rise, and there are tensions in the money market, and in the market of the means of production. The service of loans and an increase in pensions, insurance costs and wages cause an increase in overheads. Starting production using hardly profitable or previously closed plants leads, in turn, to increased global costs. The period of construction and equipping plants is extending. Tensions in financial markets cause price increase. The increasing productive potential is accompanied by an increase in interest rates and under consumption, whereas the decline in profits, is accompanied by the reduced trust of credit institutions in borrowers. Making credit decisions conditional on the repayment of loans from the prosperity period is the beginning of recession. Lenders demand the return of debts. A panic rush to banks accelerates the outbreak of the crisis. There are also stock market panics caused by speculation. In the domino effect, banks and brokerage houses collapse. Industrial production drops in strategic sectors. Recession overruns the entire economy. Unemployment rises rapidly and real wages fall. From the recession phase, the economy moves on to the phase of depression. Companies respond to the drop in demand for goods and services from households, and for raw materials from manufacturers, by reducing production. The economic activity of enterprises reaches the minimum level, which is reflected in lower prices and occasional investments. Gradually, conditions for a new recovery and business cycle arise. Enterprises implement technical progress and make new investments. As a result of the development of economic activity, global production increases\(^{46}\).

\(^{46}\) *Ibidem*, pp. 110 *et seq.*
W. Stankiewicz devoted the other sections of the book discussed to John Maurice Clark, who attempted to dynamize economics and create a synthesis of neoclassical economics and institutionalism. In his book *Preface to Social Economics: Essays on Economic Theory and Social Problems* (1936), J.M. Clark took the view that the task of economics is to solve practical problems. The entire community takes responsibility for unemployment, poverty, and crime. The economy existing so far, which does not fit the new socio-economic conditions, is replaced by the economics of responsibility. Individualism should be changed into collective thinking and social control. He imputed to private enterprise that it does not fully exploit the production potential, wrongly divides income, negatively affects consumption, and reduces productive forces. Unemployment and poverty are accompanied by huge profits, and wages do not provide social security for the population. Production capacity should be covered by a national planning system, in order to subordinate it to the interests of the whole of society. It was mainly about harmonizing and regulating production growth along with the growth in consumption, as well as the full utilization of production capacity. An increase in consumption should be achieved by an increase in the wages and income of the poorest social groups. Crises are not triggered by private business, but by the liberal economic system. Overcoming a crisis was to be ensured by moderate state interventionism. He accepted government spending financed from the budget deficit, because it triggers multiplier effects of spending. The solutions, which were to protect the economy from successive crises, were to be the system of planning, public works, and the social control of business. Economics should deal with the study of the market, state, social organizations, local governments, cooperatives, labour unions, etc., as well as taking into account the findings of all the humanities, literature and art heritage, and religious concepts. In his article *Business Acceleration and the Law of Demand: A Technical Factor in Economic Cycles* (1917), J.M. Clark held that the factors disrupting balance affect the whole economic process, or stimulate entrepreneurs to increase their activity. These factors, called economic impulses or stimulating forces, induce economic reactions manifested in changes in the size of production, investment, credit, interest rate, wages, profits, prices, and the velocity of money circulation. These reactions are cumulative. This means that production and financial systems respond to stimuli with multiplied force. J.M. Clark argued that rhythmical fluctuations of the cycle are a result of these cumulative reactions. The American economist included the principle of acceleration in the analysis of the cycle. The principle of acceleration reflects changes in producing the means of production due to changes in consumer demand. Changes in the demand for consumer goods are transferred with greater in-
tensity onto the changes in investment. In this endless fluctuation of economic activity stand out such phenomena as sharper changes in prices and the production volume of raw materials and capital goods, rather than consumer products, as well as greater fluctuations in wholesale prices than in retail prices. Fluctuation also applies to the stocks that commerce has; they are excessive in the prosperity phase, and insufficient in the period of stagnation. Based on the above facts, J.M. Clark formulated a generalization that the most important role is played by the production of investment goods. J.M. Clark’s original contribution to the study of economics is his new approach to overhead costs, proposed in the work *Studies in the Economics of Overhead Costs* (1923). By overheads he understood a set of ideas related to the costs which cannot be attributed to specific places or manufactured goods and services in a simple and obvious way. He postulated that the term “overhead cost” becomes the central category in the accounting systems and in calculating efficiency. This category applies to the maintenance of idle production factors. The task of politics is to reduce overhead costs generated by a wild competition and monopolies. Making the specialization and standardization of production widespread, as well as combining smaller businesses and expanding their production capacity is an effective way of reducing overheads. Overhead costs also include the labour costs of full-time employees, which are borne by the entire domestic production. A tool which induces business to minimize overheads is the system of employment contracts, which governs the actions of both the business world and the world of work. Thus, reducing overheads means reducing waste. According to the author of *Social Control of Business* (1926), new institutions, organizations and events appeared in modern business, i.e. public utility institutions, international exchange, modern financial systems with central banks, corporations, trusts, and trade unions, as well as the spread of democracy, scientific progress, and large-scale production. The state exercises control of business on behalf of society. An ideal solution is the state protection of ownership and the observance of contracts. Business opposes the control by the state and society. The exercise of democratic social control is designed to provide comprehensive human development. In order to achieve this goal, it is necessary to implement a number of other objectives among which he included high production efficiency, freedom and security, ensuring equal opportunities and fair distribution of goods and rest, the personal development of the individual, and finally, the improvement of living conditions, and also saving natural resources, ensuring peace, and combating the effects of demographic explosion. An important tool of social control is the institution of the contract, representing an agreement on mutual obligations, hedged around with the requirement of observance. Control should al-
so be extended over competition. However, in his book *Economic Institutions and Human Welfare* (1957), J.M. Clark pointed to the need to build a better system, ensuring the right balance between private actions and the state. In the new arrangement, individual groups of the whole community should take more responsibility for the individual, and the whole of society. This means that a freely acting individual must take into account the rights of other individuals. This model is based on collectivist and competitive solutions, i.e. a mixed economy. The “invisible hand of the market” itself cannot ensure the achievement of prosperity. Economic freedom should be provided, progressive taxation should be introduced, and the wage growth corresponding to the growth of labour productivity, friendly negotiations when concluding contracts, high and stable levels of employment, and finally treating work as a source of satisfaction, should be guaranteed. The economy is the basis of human existence, whereas the economic system is just a tool for implementing the objectives accepted by society.

In 2005, W. Stankiewicz published another monograph under the title *Ekonomika instytucjonalna. Zarys wykładu* (*Institutional Economics. An Outline of the Lecture*), which is an excellent complement to the foregoing considerations. As noted by the author of the monograph referred to, the founders of institutionalism not only built their theories not on the basis of observations of American capitalism, but they were also inspired by new theoretical concepts created by H. Spencer, the founder of social Darwinism (the notions of “institution”, “social structure”, and “organization”), W.G. Sumner’s concept of natural selection, Charles Sander Peirce’s pragmatism, William James’s view of habits serving as the driving force of the development of society, and finally John Dewey’s statements about the possibility of controlled reconstruction of the social system. In contrast, the term “institutional approach” dates back to 1918, and comes from the American economist W.H. Hamilton. In the work *Ekonomika instytucjonalna. Zarys wykładu* (*Institutional Economics. An Outline of the Lecture*), its author also recalled the achievements of the founders of the school, described the subject and place of institutional economy in modern economic thought, and then presented the achievements of representatives of the new institutional economics, i.e. R.H. Coase, D.C. North, O.E. Williamson, and G.M. Hodgson. According to W. Stankiewicz, the fundamental concepts of the new institutional school which determined its originality and distinctiveness in relation to the mainstream schools, and other alternative schools, are the categories of institutions, property rights theory, property rights theory,

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47 *Ibidem*, pp. 137 et seq.
the theory of contracts, transaction cost theory, institutional theory of the enterprise and, finally, an institutional approach to the market. The publication of subsequent editions (the second edition was published in 2007, and the third in 2012) of *Institutional Economics* could attest to a growing interest among Polish economists in the institutional concepts and approach. However, W. Stankiewicz damps down this impression in his paper *O czym świadczy mnogość szkół ekonomicznych związanych z institucjonalizmem? (What does the multitude of economic schools related to institutionalism prove?)* (2011). In it, he drew attention to the plight of institutionalism in Poland, and lamented that this school did not occupy its rightful place.

Also other studies devoted to this subject are noteworthy, namely: *Ekonomika instytucjonalna o roli państwa (Institutional Economics on the Role of the State)* (2004), *Ekonomika instytucjonalna. Potrzebny, ale trudny wykład akademicki (Institutional Economics. A Necessary, but Difficult Academic Lecture)* (2006), *Instytucjonalizm o zarządzaniu: Nobliści z ekonomii w roku 2009 (Institutionalism on Management: Nobel Prize Winners in Economics in the Year 2009)* (2010), and *Miejsce kategorii wyboru w ekonomice instytucjonalnej (The Place of the Category of Choice in Institutional Economics)* (2010), in which the author argues that the use of the institutional approach to the analysis of a number of categories and economic phenomena allows a better understanding of the economic reality studied.
CONCLUSIONS

W. Stankiewicz, soldier and economist combined in one individual, has created unconventional and impressive work. Working as a researcher for 55 years, he has published about 350 works. The subjects of his inquiries were three research areas. The first was the economics of war, also known as the economics of defence, which constitutes a synthesis of the science of war and economic sciences. W. Stankiewicz belonged to the co-creators of this scientific discipline in our country, and participated in defining its subject and scope of study. In critical essays devoted to the development of logistics in the USA, he intended merely to outline its specificity for its use by Polish scientific and military circles. Despite his prejudice against this concept, he contributed, against his will, to its dissemination both in science and in practice. Another area of his research was the history of economic thought. Before he developed a comprehensive monograph on the history of universal economic thought, he had analysed the development of military and economic views in England, the United States, and the countries of real socialism. As a result of these studies, he found that the level of development of economic thought, the condition of the economy, and the military doctrine applicable in a given period of time have the greatest impact on the development of military and economic thought. Published five times, his monograph on the history of universal economic thought became the most popular textbook for this subject in our country. Institutional economics became the third area of his research. W. Stankiewicz was the first Polish scholar who with flair, while at the same time with thoroughness, presented to the Polish readers the achievements of the creators of institutionalism, and the main representatives of the second generation of this school, called by themselves new institutional economics. With no less commitment has he promoted the approach and main principles of institutionalism in Poland for many years. It seems that these three areas of investigation, as proposed by W. Stankiewicz, mesh with each other and provide their author with a complete picture of a certain fragment of the reality studied.

BIBLIOGRAPHY


