

WHITHER THE WORLD: NEOLIBERALISM, NEW NATIONALISM OR NEW PRAGMATISM? PRESENTED BY GREGORZ W. KOLODKO

The contribution is a summary of a new and innovative view of the economy and its current objectives. This work consists of three parts. The first part, the introductory part, contains what the economy is. The second part analyzes the problems of globalization, including the relevant institution, new pragmatism and laws. The third part is a vision and model of a better future.

Keyword: Institution, Economics, New Pragmatism, Globalization

Before the speech, First and foremost, Kolodko is going to be honorary professor department of comparative institutional in Corvinus university.

Professor Csaba mentioned university rankings, He said, “In a university, the most important thing is their contribution to environmental sustainability or student welfare”. Therefore, He very glad joining the initiative of leadership of university to enhance Corvinus university by involving international respective.

Professor Csaba to appreciate professor Kolodko works. He said: “Professor Kolodko is somebody who has long been closely working with Hungary economics and global economics profession. He is one of the few people who have not only been very successful in theory, but also on the ground”. And professor Csaba explained what professor Kolodko has accomplished. Kolodko’s contribution covers three areas. Number one is analysis of what is socialist economy and related in building the socialist economy and its experience. Number two is a post-communist transition and related issues both in terms is economics. Number three is theoretical issues. Professor Kolodko was four times first deputy prime minister and minister of finance in Poland. The period when Poland was experiencing very difficult times.

The following is the summary of the professor Kolodko’s speech:

What economics is?

Kolodko strongly emphasizes the global context of good economic policy.

What is a real or modern economy?

Kolodko claims that the economy is a beautiful science. He put science among the two kingdoms: precise mathematics and abstract philosophy. A good economist must know how to calculate, but even he should be able to feel. Kolodko thinks Good Economy has to estimate the complex inputs and outputs of broad economic activity to evaluate their effectiveness. Cultural reference frameworks are vital and can be a significant burden. At the same time, good economy is a good economy that is good for progress and good for the public good.

The economy is not only a means of explaining the past, but it is also a means of shaping the future. It should show the necessary economic processes in the future and their links to culture,

technology and the environment. With these theoretical findings, strategies for sustainable economic, social and environmental development can be formulated. According to Kolodek, heresy will dominate and the economy will increasingly become an interdisciplinary discipline. Future generations will need a moderate economy and theory to describe it, not the current economy of scarcity or surplus.

Analyze the economic model in a complex real environment and pay attention to the dynamic change of the economy itself; At the same time, practical economics will integrate various theoretical schools such as economics, behavioral economics, microeconomics and macroeconomics, and apply interdisciplinary discoveries and methods such as philosophy, geography and sociology. In addition, a trend that also pays attention to the comparative analysis of globalization. Kolodko believes that if there is inflation, we need to consider not only fiscal policy, monetary policy, but also the impact of the global economy.

Kolodko rightly believes, the government, like the market, must be a player and a referee. How to coordinate this is one of the main problems of the new institutional economy, which emphasizes that the size of institutions defined as the rules of the game, codes of conduct, laws and regulations formulated by the government are the basis of an efficient economy - strategic. However, mismanagement may occur. Consumers or producers often complain about regulations. Statistics are relentless in defending regulation and their insistence deserves better. Free market advocates advocate categorically condemning government regulations, while rational economists seek a compromise between the greatest possible economic freedom and least administrative oversight.

Kolodko also stressed that neoliberalism should be distinguished not only from libertarianism, but also from anarchic capitalism. Neoliberalism confuses some economists and carries with it a huge risk of crisis-induced riots. It's not the first time, and probably not the last.

How should the economy of the future look like? Kolodko said: honest, progressive, more socially conscious than mathematical, descriptive, normative, dynamic, interdisciplinary, heretical and pragmatic.

THE ECONOMY IS GLOBALIZING

Kolodko said, „Life, despite the constant problems to be solved and the challenges we face. We cannot expect only good times.” It is the same as globalization, the difference is that it will overtake us. People, though not eternal, last long. It will continue its economic activities all the time. From now on he will play a role in global relationships, making our lives more attractive, but also complicating things. He believes that globalization is both an epoch and a great threat to humanity. Kolodko list and analyzes, global problems require global solutions. To this end a proper institution, a „new pragmatism”, a law-abiding world and so on are needed.

First, what are the institutions? The Kolodek Institutions, in a narrow sense, are rules of an economic game consisting of laws and organizations that use rewards, rewards and sanctions to force all economic operators to comply with them.

Similarly, market mechanisms include contracts between entrepreneurs and arbitration or court proceedings; the price of commodities or services agreed between buyer and supplier and correctly claimed defective products and consumer groups strengthens the market position of relative stability of buyers and manufacturers. These requirements:

To play the rules of the market, Kolodko explains that one must have enough knowledge that may not come from textbooks or teachers, but must learn through experience. It is also necessary to create certain habits and features that are often unnecessary or underdeveloped in previous systems. Now these old habits and non-market cultures have become a burden to be rid of, especially through constant learning about the market economy. This is an example of learning by action. It will take time. It is therefore a permanent process, but it will take much less time in countries where institutional reforms are closer to socialist orthodoxy. This partly explains why transitional recessions in Poland and Hungary were much shorter than in countries like Romania and Ukraine.

Secondly, Kolodko calls „new pragmatism”. It is a politically oriented approach to the theory that aims to find a set of value systems, institutions and policies that will promote a balanced growth of the world economy in the long run. „New Pragmatism” is dynamic multidisciplinary and eclectic. He also attributed great importance to the multicultural aspects of social and economic development, as the future required continued social and economic openness and their peaceful cooperation would not be possible without multicultural tolerance.

Thirdly, Kolodko emphasizes that if we are to truly build a state that respects laws and a law-abiding world in the context of globalization, we should consider this issue in terms of principles and pragmatism, and pay more attention to good law. Good Law includes standards that protect society from things that are harmful to their dangers. Therefore, it is not a literal interpretation of the law but a role of law in social services.

THE POLITICAL ECONOMY OF THE FUTURE

„We have to combine different values,” Kolodko said. However, to avoid explosive mixtures, we must mix materials that can be mixed. We can combine a social market economy with dominant private property. We can respect the huge but honest accumulation of wealth and accept the minimum of social exclusion.

The world is in a state of ideological separation. The old one ends and the new one starts. From an economic point of view, it is crucial that the new ideology supports a disproportionate approach to the challenges that the world economy represents for us.

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