

Fragility of Social and Economic Systems and the Role of "Modality".

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Abstract

The distinct problem arising from the progressive dysfunctionalization of social and economic systems is the starting point for intellectual exercise within the framework of this article. As far as the origins and course of the 2008 global financial crisis are concerned, the notion that the capacity to self-stabilize in the case of every complex dynamic system deteriorates over time is the pivotal issue (i.e. to keep disequilibria under control). However, social systems interact with one another in numerous ways, for instance, in terms of communication which is one of the most important interaction. We call the space of intersystem communication a “modality”. That term, explained in this paper, describes mechanisms in which deliberation helps stabilize social systems by changing the rules of the game, through action of social agents acting as observers of various social systems they are part of. We argue that communication space is visibly deteriorating, by being captured by a particular set of economic ideas (i.e. neoliberal ideas). We see this as a threat because “variety is the spice of life”, and robustness of the economy depends on existence of a diverse portfolio of ideas, together with actors being ready and institutionally encouraged to defend them. We propose some casual evidence, that modality indeed seems to become captured. We also suggest some solutions that may bring more vigor to modality.

Keywords: disequilibrium, modality, stability, dysfunctionalization, complex adaptive systems, economic values

Subject classification codes: D50, E60, E61, P11, P16

Quote:

All systems and all structures are the result of the interaction of a plurality of forces checking and restraining one another. A single unopposed force can produce only motion of translation (Ward 1905)

1. Introduction – Economic Crisis and Moving Forward

The experience of the global financial crisis (GFC) at the turn of the first and second decade of the 21st century has clearly shown that in today’s market economy, balancing forces no longer work effectively (Mehrling 2011; Elsner 2017). This article presents a new approach to explaining causes of crises by focusing on issues connected with disturbances in the intersystem discourse we call “modality”.

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3 In order to introduce that concept and to embed it in the context of socio-economic systems
4 and related issues it is necessary to refer to the debate about the GFC. As a rule, mainstream
5 economists, when looking for explanations of that crisis, tend to offer the following
6 interpretations (Możdżeń 2016):
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- 9 • The increasing complexity of markets and their entire socio-economic environment,
10 aggravated by factors such as the development of new technologies, significantly
11 facilitated the flow of information enabling immediate transactions;
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- 14 • The development of new technologies combined with the accelerated flow of
15 information and capital have also played a role in intensifying globalization. At a time
16 when closed markets, less dependent on external factors, predominated, it was much
17 easier for the state or its dependent regulators to intervene;
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- 20 • Supranational institutions designed to counterbalance large global financial
21 corporations seem to be too weak. The scale of the problem is evidenced by the
22 difficulties faced by the European Commission in enforcing compliance with EU law
23 from large corporations such as Facebook, Google, or Apple, which use armies of
24 lawyers, tax havens, the blurring Internet borders and, in fact, take unlimited
25 advantage of their monopolistic position, although in their case, the term monopsony
26 seems to be more accurate.
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30 In recent decades the pressure to ensure maximum market freedom has contributed to a
31 vigorous release of "animal spirits", as discussed by Akerlof and Shiller (2009), and previously
32 by Keynes (1936). Moreover, for several decades the advancing process of depriving political
33 and administrative entities of the possibilities to take discretionary action owing to the
34 formation of an extensive network of independent institutions and rules, particularly in the
35 areas of conducting monetary (independent central banks and the strategy of direct inflation
36 targets – see Conti-Brown 2016) and fiscal policies (fiscal rules – see Tcherneva 2009), has
37 been witnessed. Without any doubt such instruments may be comparatively effective in
38 reducing imbalances generated in the macroeconomic sphere, we believe that they pose the
39 danger of instability owing to growing tensions in the public sector as well as a reduced
40 capacity to coordinate and manage market activities.
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45 In our opinion outlined trends herald a fundamental change of systemic nature which may
46 lead to either implosion or structural adjustment of the economic system to new technological
47 and cultural conditions, and hence constitute a profound change in the market system in
48 general. The consequences of such discontinuity depend on the system's intrinsic features and
49 its relations with the environment.
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52 In our article we propose a new approach to discussing the causes of the progressive
53 dysfunctionalization of socio-economic systems. The concept of disequilibrium as determined
54 by Kornai (1971) is the starting point followed by various ideas evoked to define social systems
55 and their specific nature in compliance with the works by Bertalanffy (1984), Luhmann (1995)
56 and Elsner (2017). The assumption that social systems are subject to gradual
57 dysfunctionalization and for this reason they need to be reformed constantly, is the
58 foundation for further considerations. However, given the circumstances of the recent GFC,
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3 we believe that existing conclusions regarding causes of crises and proposed solutions are not
4 focusing on the most important aspect of evolution of socio-economic systems, which is
5 diffusion of ideas and norms between systems. If not properly overseen and secured by the
6 specific rules and framework, such process may lead to the dominance of hazardous attitudes
7 and disorder the inter-system balance. We call this intersystem sphere of discourse modality
8 and we assume that economy should not be considered a system but a type of modality
9 dedicated to economic systems. After explaining that concept, the issues of ideational
10 convergence and increasing fragility of economic systems seen as a crisis of modality are put
11 forward. The main objective of this article is to answer the question how to strengthen
12 economy understood as modality in order to prevent dysfunctionalization of socio-economic
13 systems leading to their collapse.
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20 21 **2. Socio-economic Systems and Their Progressive Dysfunctionalization –** 22 **Disequilibrium Approach**

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24 In order to explain our approach to understanding how the economy embedded in a society
25 may become dysfunctional, we start with the systemic approach (Chen 1975). That may help
26 understand how social systems become unsustainable if left to their own repair devices.
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28 Starting with the concept authored by Kornai (1971), we believe that social (and economic in
29 particular) systems operate in a state of disequilibrium, and the problem is how to prevent it
30 from bringing them into collapse. The market does not operate in an equilibrium, for market
31 forces produce both instability and stability. This is the consequence of the fact that:
32 “economic agents (firms, consumers, investors) constantly change their actions and strategies
33 in response to the outcome they mutually create. This further changes the outcome, which
34 requires them to adjust afresh. Agents thus live in a world where their beliefs and strategies
35 are constantly being tested “ for survival within an outcome or “ecology” these beliefs and
36 strategies together” (Arthur 2014, p. 1). It means that social systems constantly change, and
37 no possible final “equilibrium” is possible. In the words of Kornai: *“The concept of equilibrium*
38 *is seen to be closely connected with that of “rest”. Accordingly, when examining the conditions*
39 *of equilibrium for an economic system, we actually intend to determine the conditions which*
40 *ensure that the system comes to rest, that it assumes a state where it is in the interest in no*
41 *participant in economic life to change his behavior and thereby, disturb the equilibrium.”*
42 (Kornai 1971, p. 25). They balance one another not to the extent of providing equilibrium to
43 the entire economy, but sufficiently to ensure that normally no major crises threaten the
44 market economy. This comes from a basic evolutionary premise that social systems which
45 produce frequent crises mutate towards more stable ones or are replaced by such (Ward
46 1905, Turchin 2016). It does not mean that is possible to create a perfectly equilibrating social
47 system. But some disequilibria, especially those which caused previous crises are generally
48 coped with better over time.
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56 In our opinion, adopting the view that economic systems may remain in a state of
57 disequilibrium without major crisis for a relatively long periods of time does not solve the
58 problem, especially if it is recognized that such a state of affairs is unsustainable in the long
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3 term. We would thus like to incorporate the argument concerning the evolutionary nature of
4 social systems into to our analysis.
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6 It should be emphasized that we are analyzing social systems, i.e. systems in which people
7 participate and which operate owing to human interactions. We are of the view that these are
8 fundamentally diverse systems which are not culturally embedded (physical and natural
9 systems) – therefore we stand against the concept of generalized Darwinism (see the
10 discussion in Cordes 2007a, 2007b and Hodgson 2007). Thus our reflections differ, for
11 example, from Bertalanffy's concept (1984) which does not distinguish between social and
12 biological systems (living non-social systems), however we share his appreciation for a certain
13 set of concepts introduced by him.
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17 The division into open and closed systems is one of the main categorizations relevant for
18 further considerations on the development and interactions between systems. According to
19 Bertalanffy, open systems are dynamic and the processes within them are irreversible. An
20 important distinctive feature of open systems (which include social systems) is their
21 "equifinality" understood as the possibility of reaching a final state from a variety of initial
22 ones and doing so in various ways (ibid. p. 168). It should be borne in mind that the "final
23 state" in question is just a certain state of the system at a given moment. In social systems, it
24 is a change that involves transformation of the identity of its participants or, possibly, the
25 disintegration of such a system. Conversely, closed systems are "homeostatic". Bertalanffy
26 (1984) attributes the following features to them: (i) they are self-regulating; (ii) their internal
27 regulation is based on feedback, thus the causal sequences within the system are linear and
28 unidirectional; and their causality is circular; (iii) they are regulated by pre-established
29 mechanisms and fixed pathways; (iv) they therefore constitute a kind of mechanisms; (v) they
30 are "open" to incoming information, but "closed" in terms of matter and energy. We believe
31 that social systems are open systems.
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38 Luhmann (1995) adopted a different approach to the openness of social systems. The
39 autopoiesis of social systems, i.e. their capacity for self-reproduction and self-maintenance is
40 the foundation of his theory. In this case, autopoiesis reflects three successive principles of
41 social organization: (1) segmentation, (2) the relationship between the center and the
42 periphery, and (3) modern functional diversity. According to Jessop (2002), Luhmann's
43 autopoietic principles used in his description of social systems invoke the three principles of
44 material distribution identified by Polanyi (1944), namely (1) reciprocity, (2) redistribution,
45 and (3) exchange.
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49 Luhmann's theory argues against interpreting social systems as input-output patterns, i.e. the
50 stimulus-response model used for explaining biological organisms. In the descriptions of social
51 systems, Luhmann does not attempt to seek out cause-effect relationships which objectivize
52 and automate the system. For him, social systems are characterized by self-referential closure
53 (Luhmann 1995). At the same time, it is an internal closure, effected by its participants, as a
54 precondition for building the subjectivity and identity of the system. In this respect, they are
55 independent of inputs coming from other systems and outputs affecting other systems. Other
56 systems are only the subject of observation by the participants of a given system, who can
57 thus better shape the evolving adaptation of their own system to the changing conditions of
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3 its environment. Thus, the co-evolution of systems does not result from an organized
4 exchange amongst them or a regulated convergence, but from the fact that similar partial
5 relations, identities, interests, and values may occur in diverse and disjoint social systems.
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8 In our view, Luhmann's restriction of interactions among systems to observation is misguided.
9 We are more inclined to accept Willke's (2004) proposal, who describes a paradox present in
10 contemporary functionally diverse societies, in which social subsystems concurrently become
11 more interdependent – in the sense that the survival of each one depends on how the others
12 perform their functions in society at large – and more independent of each other due to their
13 operative closure coupled with their increasing internal complexity (Kennealy 1988, p. 365).
14 While Luhmann focuses on the relationship between the system and its environment, and for
15 him, each system adapts to its environment defined from its own perspective, for us the
16 essence lies in a system-system-environment relationship, whereby the system adapts to the
17 environment defined and created in communication with other system(s).
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21 We believe that in each social (including economic) system three processes need to
22 concurrently take place (Hausner 2005, pp. 7-9):
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25 • objectification – describing reality by means of a set of variables with selected
26 parameters which allow for setting goals (i.e. preferred state of equilibrium); that
27 approach represents a way of thinking in which it is possible to create equation for
28 solving systemic issues and the main actor performs the role of an analyst/decision
29 maker,
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- 32 • subjectivization – describing reality by means of a structure of relations that refer to
33 the dependence of reactions on incentives; the main actor is managing the whole
34 system through creating incentives which will motivate all actors to behave in a way
35 that their actions will point towards preferred state,
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- 38 • modulation (adaptation) – describing reality by means of the rules observed by the
39 participants of the preferred structure; the main actor becomes a moderator of
40 discourse influencing actors of a given structure, increasing their awareness and
41 helping them in influencing other elements of the system.
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44 If any of those processes fail to occur, the system loses its development capacity, and
45 eventually becomes a type of mechanical component of another system or it disintegrates
46 and disappears. That phenomenon should be interpreted as a process of its progressive
47 dysfunctionalization.
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50 The disequilibrium typical for all social systems, including the economic ones, may be seen as
51 a specific tension between functionality and dysfunctionality. In our view, social systems
52 gradually tend to become dysfunctional in the course of their development (Merton 1968, p.
53 178). They are subject to similar processes as the human body which wears out and
54 transforms. It means that over time, social systems begin to accumulate and reveal various
55 defects which constitute manifestations of their routinization and ossification. Moreover, the
56 perpetuated combinations of interests petrify them, constrain their flexibility and diminish
57 their adaptive powers. This phenomenon always occurs in a particular historical context, it
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3 always results from the behavior of certain social actors and the relations between them. But
4 in principle, it invariably occurs in a similar manner. At the same time political reform
5 attempts may be very ineffectual (ibidem. P. 135). One of the factors that hinder the
6 adaptability of the system and thus contribute to its dysfunctionality may be the emergence
7 of a hierarchical order within the system, which for Bertalanffy (1984, p. 253), is tantamount
8 to the system's "stratification", i.e. the imposition of successive "layers" that play the role of
9 leading parts. As a result, the system becomes centralized, which, in our opinion, causes it to
10 lose more important and more complex adaptive capacity along with a concomitant change
11 in the identity of its participants. In other words the centralization of a social system to deal
12 with known disequilibria, obviously makes a system less flexible. In the world of institutional
13 competition it leads to gradual growth of its dependence on a more adaptive system or to
14 dysfunctionalization of hierarchy itself. In this context it is apt to evoke the experience of the
15 socialist economy or war economies, i.e. economies contained within a system, which clearly
16 demonstrate that even if increased hierarchy enables the implementation of specific projects
17 and the achievement of allocation-related goals, it occurs at the expense of adaptability of the
18 economy (Ziegler 1982).

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20 It should be noted that certain self-repair mechanisms are built into social systems (stretching
21 the analogy to human bodies). They not only restore balance but also prevent imbalance from
22 increasing to the point at which it starts to jeopardize the stability of the entire system
23 (Damasio, Damasio 2016). Systems with such embedded compensation mechanisms display
24 better adaptability and are therefore more efficient in the long term. However, if the
25 dysfunctionality of a given system increases beyond a certain point, the operation of such
26 automatic mechanisms may not suffice, the system loses its stability and may require external
27 intervention.

28
29 Since social systems are subject to gradual dysfunctionalization, they need to be made
30 functional time and again by means of reforms. If they are not reformed, the process of their
31 dysfunctionalization gradually leads to their collapse. The complexity of the issue lies in the
32 fact that intra-system forces are often insufficient to carry out systemic reforms. Under such
33 circumstances, remedial actions may only be effected via external energy which derives from
34 a broader institutional order (Offe 1976). In other words institutional balancing is not needed
35 only at an organizational or intra-systemic level, it is also socially or inter-systemically
36 necessary. A good example may be offered by the constitutional division of power, which
37 emerges as a way of institutional balancing located at the intersection of diverse systems of
38 the state. It is particularly difficult to create an institutional mechanism of inter-system
39 balancing at the global macro level (Scott 2006).

40
41 Constitutional order is born and modified as a result of multi-stakeholder reflexivity, in which
42 interests and arguments intermingle (Soros 2013; Blyth 2002). The latter results from the
43 strategic imagination of the actors participating in the discourse or from the strong
44 internalization of certain categories of constitutional rules. Hence, we agree with the idea of
45 "systemism" stressing that one must take into account complex interrelations between social
46 actors and social structures to help understand the dynamics of social systems (Bunge 1996;
47 Gräbner, Kapeller 2015). In order to be able to engage in the strategic dialogue at all, parties
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3 thereof have to display a modicum of trust in one another. Constitutional order is formed on
4 the basis of trust, and its observance maintains trust (Bachmann, Gillespie, Priem 2015).

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6 Dealing with the question concerning the adaptability of systems, it is plausible to say that
7 they are linked to “forces” that enable them to transcend the limitations of their environment.
8 Those forces reflect the capacity of the system to learn about its environment, to understand
9 its impact and the possibility of creating and modifying it. Essentially, in human’s case, going
10 beyond the limitations imposed by the environment is possible owing to the broadly
11 conceived cultural categories that determine which features of the experienced reality are
12 perceived and considered important, and which remain underestimated or plainly neglected
13 (Bertalanffy 1984, p. 278).

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15 Achieving balance means stopping all activity (Fisher 1983, p. 35). Biologically speaking that is
16 equivalent to death, and therefore decomposition. If life, having been disturbed from the
17 outside, simply returned to the so-called homeostatic balance, it would have never developed
18 beyond the amoeba stage (which, incidentally, is one of the best adapted creatures in the
19 world, for it has survived billions of years from the primordial ocean to the present day (ibid.
20 pp. 228-9)). It means that social systems constantly change, and no possible final
21 “equilibrium” is possible. According to Kornai, a researcher traditionally very critical of
22 neoclassical economics:

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24 The concept of equilibrium is seen to be closely connected with that of “rest”.
25 Accordingly when examining the conditions of equilibrium for an economic system, we
26 actually wish to determine the conditions which ensure that the system comes to rest,
27 that it assumes a state where it is in the interest in no participant in economic life to
28 change his behavior and thereby, disturb the equilibrium. (Kornai 1971, p. 25)

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30 Elsner (2017) also favors rejecting neoclassical models as too simplistic renderings of reality.
31 In his view, one of the most serious problems hindering the evaluation of phenomena which
32 occur in the modern economy is the fact that even if we try to move away from the traditional
33 economic models, reality is still being explained through the prism of classical market models,
34 thus paradoxically reinforcing their validity. For example, Elsner points out to certain
35 limitations of those firmly rooted economic theories, such as equating individual and
36 collective rationalities. He emphasizes that in order to counteract the negative consequences
37 of that phenomenon, one must apply the concepts of the economics of complexity, which
38 focuses on the behavioral and micro-structural foundations of complex adaptive systems
39 (CAS).

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41 CAS are systems in which knowledge of their individual elements does not necessarily
42 translate into a full understanding of the functioning of the system as a whole. Moreover, the
43 relationships between the parts of the system are so important that removing one of them
44 results in far-reaching modifications in the behavior of the entire system (Lo 2017). The
45 situation is different in systems which may be described as merely complicated, where
46 individual elements show a certain degree of independence of one another, hence eliminating
47 one of them does not cause fundamental changes at the level of the system (Miller, Page
48 2007). It bears noting that those properties of the market (and also of other complex adaptive
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3 systems) concern both their synchrony and diachrony. Such social systems are in motion but
4 some of them constitute adjustment motions (synchronous) whereas others are development
5 motions (diachronous).
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8 Since they are constantly moving, they are non-ergodic, i.e. their operation does not lead to
9 stability and equilibrium and time must be treated differently from space. Variability is in their
10 nature. One may assume that they comprise two kinds of circularity – periodic cyclicity and
11 spiral transformation. The former kind of circularity preserves their stability under relatively
12 constant conditions whereas the latter does so when the conditions of their functioning
13 change. The latter kind of circularity may lead both to expansion (development) and to
14 winding down (stagnation). Elsner uses the term “failure cascades” to describe the latter
15 process. In the authors’ view, such a failure poses a threat to any economic system, including
16 any form of market economy, as a result of its progressive dysfunctionalization.
17 Dysfunctionalization itself cannot be prevented but it may be effectively neutralized by means
18 of appropriate systemic corrections (reform).
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23 However, Kooiman claims that current trends, which contribute to increasing difficulties in
24 understanding the contemporary world and the processes that occur in it, are characterized
25 by progressive dynamics (changes in the system as a result of interactions taking place within
26 it), complexity (intricate relationships among individual elements of the system), and diversity
27 (a wide variety of elements present in the system), which affect both the structure of society
28 and socio-political systems (Kooiman 1993, pp. 35-43).
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31 From our perspective, one of the more important issues is the fact that complexity entails
32 myopia, which, in turn, translates into opportunism and hinders the development of long-
33 lasting relations among individual actors. The latter may promote a shift from the
34 transactional approach to the relational one, deemed conducive to development and likely to
35 prevent (or at least postpone) the destabilization of the economy (Hausner, Paprocki, Gronicki
36 2018).
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40 Elsner (2017), when describing the functioning of the modern market economy, emphasizes
41 the short-term orientation of the dominant proportion of economic actors. He uses the term
42 “futurity” to describe the contrasting attitude, in other words, a long-term orientation
43 towards the future.
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46 We would like to emphasize that the behavior of economic actors is not purely individualistic
47 since they never operate in a social vacuum. They participate in an economic game which
48 takes place in the presence of specific attractors, which is determined to a large extent by the
49 arrangement of economic stimuli that constitute the game. As Elsner (2017) emphasizes, they
50 influence the expectations and the horizon of action of economic actors. In our view, those
51 reflections warrant the following statements about the functioning and development of social
52 systems:
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- 55 ▪ No social systems are unchangeable or independent of time.
- 56 ▪ Apart from the cases of disintegration and disappearance of a social system, it has no final
57 or ultimate state.
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- Thus, the development of a social system is neither causally determined nor intentionally programmed – it is resultant, contingent, or possible within a limited pool of possibilities.
 - Although all social systems change and possess the capacity to adapt, in practice, they are characterized by fundamentally diverse modes of adaptation. The mechanization or objectification of a system implies oscillatory, homeostatic adaptation around a certain equilibrium point. Such a system – subject to parametric regulation – displays an individually identifiable and powerful capacity to adapt but within a relatively narrow range of variability. In practice, however, it implies limited development capacity, characterized by a certain slowness but at the same being extensive and leading to a qualitative change in the social system.

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However social systems, either open ones, CAS types or autopoietic, do not operate in a vacuum, either. Hence coevolution of systems occurs. At the same time, there is still limited understanding of how social systems relate to one another. We agree that the interactions are dynamic in nature (à la Bertalanfy), that they do not act as simple input-output mechanisms but have their own idiosyncratic mechanisms of coping with information (à la Luhmann), and they are complex (à la CAS). But when one is of the view that there is more than one social (meta)system¹, the description of mechanism (or mechanisms), by which social systems interoperate and which generally ensure a relative stability of most systems most of the time, is necessary. We argue that the mechanism which fulfils those functions (i.e. make systems able to communicate) may be based on the concept of modality. That concept is expanded on in the next subsection.

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3. Modality As the Space of Intersystem Communication – Keeping Disequilibria Under Control

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This part concerns the problems with systemic thinking in a complex world and suggests that understanding economy as a modality may help overcome those problems.

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The institutional “balancing act” (i.e. the mechanism of keeping disequilibria under control) cannot be reduced to binary relations (e.g. state vs. market). A satisfactory solution (i.e. one that offers development opportunities) must be multilateral or multi-systemic. In other words, what we need is a multitude of functionally varied and relatively autonomous systems (social subsystems), e.g. the civil sector, apart from the market and the state. As a result, hybrid organizations and mixed formulas for the production of goods emerge (Hutter, Teubner 1993, Ménard 2004).

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Systemic balancing cannot be static since no form of order at the macro-level is final. Instead, dynamic devices are necessary, i.e. those that permit making adjustments and corrections. It stems from the fact that any rigid set of both intra and inter-systemic rules eventually becomes dysfunctional. Therefore, to ensure balancing of social systems, a more value-based (i.e. teleological) approach is necessary. And that is precisely what we perceive as the

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¹ Or that in general, all systemic theories have their limits which prevent the possibility of using them to explain any social order of sufficient complexity, including global economic order.

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3 significance of public policy understood as development policy. The role of public policy
4 involves neither shaping certain states of social systems (in our case, economic systems) nor
5 modelling the social world in a broader sense but preventing unstable states of equilibrium by
6 creating an institutional order which – under given historical conditions – favors the
7 emergence of balancing social forces (as argued by e.g. Dunsire (1996) in his concept of
8 “collibration”). That order itself must obviously be open-ended, which means that institutional
9 change has to come from constant intersystem deliberation. There is no “institutional
10 blueprint” that assures social stability under any circumstances (Evans 2004). Hence, one must
11 always think contextually and contingently, rejecting both the possibility of constructing
12 appropriate institutional order in a rational cost-benefit analysis and the assertion that
13 individual actors have no say in how institutions change, which implies taking a historical
14 perspective to institutional evolution as the most appropriate (Sanders 2006, Bush 1987). Such
15 an approach does not require a hierarchy of orders so that one is able to grasp the social
16 world; it is enough to provide an appropriate space and the resulting perspective in order to
17 generate new ways of action and resources necessary to undertake them.
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23 The economy and markets are embedded in social behavior and structures (Polanyi 1944).
24 With time, each form of embedding will undoubtedly be replaced by a different one, as
25 evidenced by social and economic development. Concepts such as corporate social
26 responsibility or social economy represent the search for new forms of embedding. Productive
27 forces must be constantly released and perpetually embedded as development drivers.
28 Embedding invariably somehow limits and directs the productive forces, hence the natural
29 drive to liberate them (Hausner, Zmyślony 2015). Certain forms of embedding block
30 productive forces. In such circumstances the economy becomes inefficient and
31 uncompetitive, thereby blocking development, which leads to stagnation and economic
32 collapse. Thus market forces are continually working in the direction of “disembedding”
33 (Alvater et al. 1997). That disembedding means that they work towards capturing other social
34 systems with their own narratives and introducing mechanisms which are well understood in
35 particular by market actors outside the market sphere (e.g. economic imperialism in social
36 science or the NPM in the sphere of public governance). That situation is dangerous since
37 intersystem communication becomes a one-way transmission.
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44 Subsequent social forms of economic embedding are increasingly complicated and
45 multifaceted, which is why it is so difficult to establish them effectively. They are associated
46 with increasing functional diversification of social systems and as such, require increasingly
47 complex coordination mechanisms (Kooiman 1993).
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50 It is believed that since the economic game is often opportunistic and short-term, the
51 necessary long-term stimulation must come from the state and be triggered by a public policy
52 (Ódor 2017, Mazzucato 2013). However, the fundamental doubt persists as to how capable
53 and willing the opportunistic players may be to respond to such signals. If they take the form
54 of bans (restrictions), the players usually try to bypass or eliminate them. On the other hand,
55 if they offer an incentive, the key is their economic strength – it works if observing it brings
56 higher *ad hoc* benefits than a refusal to comply. Such incentives cannot however change the
57 opportunistic nature of the economic game (Hausner 2019) because it treats the market as an
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3 object and not a proper system. Consequently, their impact is very limited and it often
4 becomes necessary to apply further partial remedial stimuli... thus increasing opportunistic
5 inclinations. It means the economy is treated merely as an object which we are able to directly
6 influence.
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9 The same phenomenon may be observed in the case of successive EU aid programs expected
10 to bring about desirable structural changes. In practice, however, this is rarely the case. The
11 more funds earmarked for innovation are distributed by public administrations, the less actual
12 innovation and organic development. Numerous national and regional governments dream of
13 their own, local Silicon Valley, yet more and more often such failed plans are referred to as
14 "boulevards of broken dreams" (the name originated by Lerner (2012), the author of a book
15 on why numerous attempts undertaken by public authorities with a view to stimulating
16 entrepreneurship and innovation usually fail completely). Hence, it must be understood that
17 entrepreneurship and innovation develop only in a specific and organically formed economic
18 ecosystem which may only be partly and gradually influenced by public administration. If one
19 focuses on development rather than on perpetuating a certain state of affairs, top-down
20 efforts only make sense if they are accompanied by matching bottom-up attempts (Rodrik
21 2008; Geodecki, Mozdzeń 2016). It is of great importance to ensure that the free flow of ideas
22 between social systems constituting "the economy" is warranted.
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28 People's empowerment will not be achieved by a single social force; it may be gradually
29 revealed as long as the vectors of various social forces (state, territorial communities,
30 education, culture, civic activity, entrepreneurship, media, law, etc.) are oriented towards it.
31 In particular, they should focus on the availability of resources and competences fundamental
32 to the empowerment (subjectivity) of individuals and groups, including self-knowledge and
33 tools for generating it as well as the capacity to absorb and use information critically. Shifting
34 the vector of each of those forces is important and necessary if there is to be a socially
35 responsible and sustainable market economy. It is essential to act in the belief that if it does
36 not become so, it will be eliminated and replaced by a statist economy, with all its anti-
37 democratic and anti-social consequences.
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42 At this stage the argumentation is ready to invoke the category of "modality". That term
43 should be understood as a common space encompassing diverse social systems. It is created
44 by means of communication among those systems and, at the same time, it determines the
45 possibility of their transformation, and thus their perpetuation. The concept bears the same
46 name to the one introduced by A. Giddens (1984) but is somewhat broader. For Giddens
47 modalities are ways of two-way interaction between respective actors and system structure,
48 mediated by social rules and norms. We understand modality in a wider sense, as an
49 intersystem space of communication, which brokers information circulating between systems.
50 This is the main mechanism by means of which systems co-evolve, through exchange of ideas
51 and resources. However, in the space of modality individuals and organizations remain
52 relatively independent of one another (even if power is distributed unequally – see Winter,
53 Gärdenfors 1994). That is the condition *sine qua non* of modality fulfilling the communicating
54 function. If independence is violated, the modality becomes captured by a set of ideas and
55 begins to act as if it were a part of a particular social system. If, to the extent the economy can
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3 be understood as a kind of modality, all the notions of its timeless, universal regularities, i.e.
4 the so-called iron laws of economics, must prove to be false. The economy is not an arena for
5 impersonal market forces; its proper operation and development evolve as a result of more
6 or less coordinated behavior of economic operators (Hausner 2017; Turchin 2016). It means
7 that the rules and norms that constitute the economy (as a modality) must be reflexive. They
8 exist, but are subject to gradual evolutionary change, which must be oriented towards values,
9 and not “laws” (see e.g. Hardt 2017).
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13 If economy is not treated as a system but as a modality, it can neither be a single organism
14 nor an impersonal market. Rational interventions in the economy may therefore only take the
15 form of interactively constituted regulation (Luhmann 1997). The neoliberal postulate of
16 universal deregulation should be considered misguided in this light. A deregulated economy
17 is not possible, although the ways in which it is regulated are varied and subject to change
18 (negotiated and renegotiated). However, we are not concerned about parametric regulation,
19 which translates in practice into an economic policy pursued through quantitative regulation
20 aimed at achieving arbitrarily set objectives, but qualitative regulation, i.e. a structural policy
21 aimed at an agreed change in the relations among economic entities.
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25 Eggertsson (1997, p. 64) has offered an interesting opinion on this subject. In his view, a
26 quantitative policy, which assumes that a given structural economic system is permanent and
27 aims at manipulating the existing economic relations in order to achieve specific goals, reflects
28 the assumptions adopted by mainstream economics. On the other hand, qualitative and
29 structural policy is intended to change the existing relations towards creating new
30 relationships between instruments and the set objectives. If one looks at this distinction from
31 the perspective of an economic entity, it may decide that manipulating economic parameters
32 (quantitative policy) may influence the environment in order to achieve its economic goals,
33 but such an impact will not ensure conditions conducive to long-term development. It requires
34 adaptation, i.e. qualitative and structural regulation, which, although possible in the bottom-
35 up form, requires the cooperation of a critical mass of operators (Axelrod 2006).
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39 Such qualitative rather than exclusively parametric regulation constitutes an economic policy
40 aimed at changing the relations among economic operators. Structural regulation will never
41 lead to control over the economy or its collision-free and sustainable operation, but it may
42 offer better conditions for economic operators to adapt effectively, thanks to which the
43 economy will develop and become increasingly complex. Accordingly, the public regulator
44 does not seek to limit the complexity of the economy, on the contrary, it contributes to it.
45 Thus, the regulator deliberately refuses to consider it as a system in favor of understanding it
46 and considering it as a modality (it concurrently shapes it and participates in its operation).
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49 The argumentation presented above warrants extending the list of social systems qualities
50 presented in the previous section. It may be stated that:
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- 52 ▪ Social systems, in order to be able to reach new states of (stable) disequilibrium, must
53 remain fairly open and correspond with other social systems, which necessitates their co-
54 evolution.
- 55 ▪ The co-evolution of social systems offers them an opportunity to survive through change.
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- As a result, co-evolution is possible because social systems remain in a common communication space (modality).
 - The boundaries among social systems are not rigidly defined or unambiguously demarcated. Their identity is subject to interpretation, hence it is to a certain extent fluid.
 - The modality is both a property of a space of intersystem communication and an ideal type of a mechanism of intersystem regulation. Thus it may be compromised if a particular system becomes imperial.
 - The economy may be understood as a kind of modality. If so, relying on universal economic laws is not justified.

We believe that modality can be fragile if it is acknowledged mainly through the lens of a logic of a particular social system. Moreover, we think that this is precisely what happened during the last three to four decades in the developed nations through increasing dominance of neo-liberal ideology. Since one sort of operators (market actors), with their narratives became dominant, other social systems (which may be broadly and inaccurately labelled the state and civil society) increasingly started to acquire mechanistic view of themselves, with raising importance of quantitative measures (cost-benefit calculations) and efficiency targets. Probably the most visible examples of introducing market logic into other social systems arise from the rise of the New Public Management and of numerical fiscal rules, which respectively reflect the drive towards efficiency with narrow cost-benefit calculation and equating public to private debt, putting a tight straitjacket onto the state. If one agrees that modality is the way systems regulate each other in order to prevent disequilibria from becoming unstable and if modality is compromised by accepting one technocratic narrative, instabilities are exposed and dangerously supercharged. The next section explicitly covers the problem of the fragility of modality.

4. Modality Crisis – Ideational Convergence and Increasing Fragility of Economic Systems

There are various economists and social scientists holding views similar to ours (but using different nomenclature), and enumerating processes which basically boil down to diverse instances of capturing the intersystem sphere by technocratically understood economic objectification. Following Blyth (2011) we believe that such capture may involve either interests, institutions or ideas. Similarly to him we think that the third dimension is the most important since it is least susceptible to programmatic change. Moreover, ideas are always tightly connected to both interests (through cognitive frameworks – tacit knowledge in M. Polanyi's (1967) terms) and institutions (through narratives and interpretations – explicit knowledge). In other words they affect both individual and collective choices, i.e. are able to transform the private and the public sphere. There lies their potency.

In the private sphere, following Skidelsky and Skidelsky (2012), we believe that the encroachment of narrow economic thinking may be encapsulated by a simple idea – “the more the better”. Skidelskys are concerned with excessive consumption which drives the modern economy and leads to numerous negative macroeconomic and macro-social consequences. It may be equated to a world in which “advertising [becomes] the ‘organized creation of dissatisfaction’” (ibid, p. 40), and growth could be called “politically orchestrated

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3 insatiability” (ibid, p. 77). What’s more, if both work and leisure may be expressed in terms of
4 opportunity cost of one another, saving time becomes a measure of efficiency. Efficiency
5 means being able to consume more. Efficient use of time, as the arguably ultimate scarce
6 resource, creates incentives towards anticipating the future and acting on this anticipation
7 not only in the financial sector but also in the real economy (as exemplified by a famous
8 Amazon patent on “anticipatory shipping”). This seeming violation of “non-ergodicity”
9 condition is possible only in a world in which consumerism prevails, by making sure that
10 people will behave consistently by buying more in the future what they bought in the past.
11 And as all future bets it is increasingly risky and may be systemically damaging if financial
12 markets become involved. Thus conceptualized time-efficiency was actually one of the main
13 motives behind the birth of various forms of financial capital. L. Boltanski and A. Esquerre
14 (2015, pp. 181-183) refer to this when considering the importance of social space-time in
15 relation to the value of economic goods. For financial assets, their liquidity is of key economic
16 importance. When things are treated as assets, their capitalization, and thus the realized value
17 of the future return on capital, is situated on a timeline in a particular manner. We are
18 generally dealing with "making the future more transparent" in which time flows backwards
19 – making the future felt presently.
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26 Shortening the time horizon is closely linked with another process in which “the logic of
27 contract is sundered from the logic of reciprocity” (ibid, p. 52) – transactional (short-term and
28 one-shot) considerations prevail over relational (long-term and sustained) ones. It leads to
29 opportunism becoming the dominant orientation of companies, which leads to herd behavior.
30 All participants try to do more or less the same. And it means that competition is mainly about
31 destroying competitors and taking over their market position. It is not profitable to invest and
32 build, it is better to capture what others create. The economic power is then built on taking
33 over and appropriating, not cooperating and sharing benefits.
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37 In this kind of “opportunistic game” each player bends the rules for its own benefit, according
38 to the cynical principle: "play as the opponent allows". In consequence in such a game the
39 level of uncertainty is high, which generates additional (prohibitive) costs of risk management.
40 If there is no trust, the security of trading activities becomes expensive. That's why one tries
41 to transfer the risk to someone else. The rule is "my security, even at the expense of system
42 security". In such a game, security means avoiding the costs of one's own actions, i.e. evading
43 responsibility. And it often hides behind the facade of the so-called corporate social
44 responsibility. That game creates a sort of an attractor for opportunistic companies, in which
45 they become entrapped. It happens if *ad hoc* transactions replace partner relationships and
46 begin to form the main bonds of the economy.
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51 If thinking about going back to a more relational economy and cooperation is a utopia, it would
52 be naïve and even stupid to say that a market economy operating according to opportunistic
53 rules is sustainable. Already in 1976, Robert Heilbroner, announcing the twilight of business
54 civilization, wrote: "No other civilization has permitted the calculus of selfishness to dominate
55 its lifeways, nor has any other civilization allowed this narrowest of all motivations to be
56 elevated to the status of a near categorical imperative"[Heilbroner 1976, p. 122].
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3 As for the public sphere, the increased institutional convergence around narrow economic
4 ideas may be seen both in the case of market and political institutions. In the first one two
5 interrelated, and widely described processes seem to constitute the greatest threats to
6 sustainability of the market economy: financialization and shareholder value.
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9 Again in the words of Skidelsky and Skidelsky (2013, p. 41) "If cynicism is knowing the price of
10 everything and the value of nothing, then the centers of world finance are breeding grounds
11 of cynicism". Financialization, which in the broadest sense may be understood as replacing all
12 forms of social obligations with monetary ones, decreases the functional diversity of economic
13 systems (which as we argued increases the propensity of systems to crises) and systematically
14 weakens other regarding motives, which strengthens egoistic behavior. In a widely quoted
15 article Gneezy and Roustichini (2000) show that when an additional fee was introduced in
16 Israeli kindergartens for late pickups, the phenomenon became more frequent. The
17 explanation the authors offered is that parents treated the fee as the price of the service and
18 decided that it was a good bargain. The norm changed its nature - from moral (fair) it was
19 transformed into a market-based, utilitarian one. When the price appeared, the obligation
20 disappeared. And, more importantly, when the fee was withdrawn, the parents' late arrival
21 remained at a significantly increased level, which M. Sandel, who also quoted the study
22 concludes as follows: "Once the monetary payment had eroded the moral obligation to show
23 up on time, the old sense of responsibility proved difficult to revive" [Sandel 2012, p. 90].
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29 The subordination of non-economic spheres of life to financial motive, as Sandel rightly notes
30 [2012, p. 110], does not mean that ethical problems and the issue of values are disappearing.
31 They are present but subordinated to market logic.
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34 Another study, based on a well-known ultimatum game, conducted by Gerlach (2017), shows
35 that just being taught how a rational human being should behave in the form of mainstream
36 economics curriculum changes students to become more selfish. We interpret the examples
37 as a change towards a world in which utilitarian ethics becomes an interpretation of what is
38 socially beneficial. Values are thus instrumentalized and inscribed in a utilitarian concept
39 centered on maximizing profits and minimizing losses. Satisfying material needs, regardless of
40 non-material values, becomes a primary goal.
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44 As suggested earlier, in our belief one of the most important examples of intellectual errors
45 in the case of contemporary market economy is the concept of shareholder value which may
46 be boiled down to a recognition that the primary task and goal of corporate managers is to
47 increase the price of the company's shares². And this must lead to violating the interests of
48 other stakeholders and collisions between various types of them. Those are obviously not only
49 individuals but also economic operators, including pension funds. The conflict of interests of
50 such shareholders of a large corporation is obvious and inevitable. If the criterion of success
51 and the goal of the corporation becomes the stock price of shares, as a result, the
52 management boards of companies favor a small group of those shareholders who - according
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58 ² One may add: as quickly as possible
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3 to L. Stout (2012) - are the most myopic, opportunistic, internally undifferentiated and
4 indifferent to the good and the benefit of others. It also determines the attitude of managers.
5 Their orientation also becomes short- and narrow-sighted. They behave opportunistically at
6 the expense of thinking about investing and undertaking long-term pro-innovative ventures.
7 They focus on ongoing efficiency, neglecting productivity. The opinions and theses formulated
8 by Stout challenge the economic case for the enterprise model based on the concept of
9 shareholder value because it is not conducive to increasing productivity. For the actors
10 dominating in it, only short-term efficiency is important. If they use the concept of value or
11 goodwill, it is in the narrow sense of those terms, reduced to profit and the price of shares.
12 Their interest in this model is purely financial.
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17 The changes in the political sphere mirror those in the market sector. States, subjected to
18 market forces substantially supercharged by globalization both weaken and increasingly adopt
19 institutional arrangements which are understood by and transparent for market actors
20 (Stiglitz 2017). If both citizen attitudes and political institutions are modelled to reflect market
21 pressures, the famous Rodrik's trilemma of globalization, nation-states and democracy may
22 be reconciled, at least unless there is a serious systemic crisis (which, as we argue becomes
23 more probable then).
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27 We can see fading role of political sphere in the recent years e.g. in the case of the monetary
28 policy. Public authority (the state) has an exogenous and endogenous role in relation to
29 money. One strengthens the other, but each requires the other. Without them, a monetary
30 economy would not be sustainable; it would become replaced by other forms of managing (an
31 unlikely case would be a barter economy). Contemporary mega-trends undermine the
32 effectiveness of public authorities in fulfilling those two roles. The progressing financialization
33 of the economy means, among others, that new forms of money creation are appearing as a
34 part of the fourth industrial revolution, thus the state tends to lose its monopoly in this
35 respect. Cryptocurrencies are only an extreme manifestation of this. However, as a
36 consequence, the regulatory capacity of the state and in consequence it's transcendent
37 strength is weak because economic governance becomes autonomous and fragmented. As a
38 result, the relationships and dependencies that have determined the rules of economic
39 governance are weakening.
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45 The multifaceted process of state transformation to reflect economic thinking is also visible in
46 other two areas of macroeconomic regulation: fiscal and labor market policies³. In the former
47 case, an unprecedented rise in the number of various fiscal rules may be seen together with
48 fiscal councils guarding them (IMF 2017). That is the response to market pressures which favor
49 the pursuit of the doctrine of "sound finance" (Lerner 1943), as if the reality of public finance
50 resembled that of a household budget. Why this may be the case has been extensively dealt
51 with by e.g. Kalecki (1943), and why this is misguided forcefully argued by both post-
52 keynesians and proponents of recently developed Modern Monetary Theory. From our
53 perspective this is an important case of subjugating public logic to that of a market, and may
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58 ³ Not to mention a tireless pursuit of GDP growth
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3 have grave consequence since it destroys institutional variety between social systems. In the
4 latter instance increasingly subjecting the educational system to the idea of “employability”
5 (Small, Shacklock, Marchant 2017) by teaching set of practical skills instead of abstract and
6 not immediately useful ideas may bring about long term costs by generating less critical and
7 independently thinking citizens (McCowan 2015).
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10 To summarize this part, the contemporary economy is dominated by the opportunistic game:
11 orientation towards taking advantage of market opportunities in place of long-term action
12 (rent-seeking). And such conduct has expanded. It causes that the horizon of undertaken
13 actions is shortening, and the model organizational formula of companies is based on the
14 greatest possible flexibility to take advantage of every opportunity. Flexibility understood in
15 this way implies that enterprises are not interested in forming long-term relationships with
16 partners. They adopt a transactional orientation in relation to the environment, and weaken
17 a relational one, which is particularly evident in modern banking. In practice, marketing has
18 become a way of "seducing" customers, and seduction is the opposite of reliable
19 communication. In this case, it is a form of self-creation, and it is easier, the less one is integral,
20 the less one is found in the sense of stability, the less one gets to know each other and wants
21 to get to know oneself (Czapliński 2016, pp. 334–335). This processes cannot be countered by
22 the state which is being increasingly captured by the same set of economic ideas and values
23 which are favored by opportunistic markets.
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29 **5. How to Strengthen Modality to Deal with Fragility of the Economy**

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31 Based on previous reflections we believe that it is crucial to focus on the level of ideas while
32 dealing with weaknesses of contemporary market economy. We are now in a state in which
33 both interests and institutions are dominated by opportunism and myopia. We believe that
34 approach is too firmly embedded in both private and public sector in order to be dealt with
35 utilizing only bottom-up solutions rooted in the collapsing economic system. Because of that
36 it is necessary to acknowledge the fact that the source of institutionalization of activities and
37 social ties lies in the modal dimension. It is inter-system communication that leads to common
38 reflection that generates and organizes normativity. And it does not matter whether the
39 resulting institutions regulate the behavior of individuals or the functioning of social macro
40 systems. They are all derivatives of relations occurring in the modal dimension.
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46 To overcome ideational unification around opportunistic and transactional paradigm, which
47 we label a capture of modality, we need a set of rules of communication and command which
48 obviously cannot be rigid, because life does not stand still. However, they cannot be
49 completely unlimited and arbitrary because society is falling apart, becoming an easily
50 malleable community. Concise dialogue requires varied points of view and clash of reasons
51 and arguments. However, it cannot mean that each opinion is given equal weight. It would
52 lead to a loss of responsibility. If everything may be acknowledged, then nothing matters. It is
53 not about eliminating certain views from public discourse. It cannot be done in democratic
54 regimes. Open discourse must be also critical, that is, serve to reveal the social consequences
55 of certain positions and to discredit them. Discourse prevents ideological hegemony only
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3 when, being open and critical at the same time, it becomes a social mechanism for generating
4 sense.
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6 Modality triggers thinking and modal action which we find fundamental for redefining
7 axionormative order of the whole system. Their essence is the formation of an institutional
8 framework of action, and not the formation of rigid instructions for action. The pre-condition
9 for the first is the autonomy and independence of social actors. The second leads to the
10 abolition of their autonomy and independence. The first opens development paths, the
11 second - blocks them. In both cases we can say that we are dealing with an attempt to solve a
12 social problem. In the first case, however, it involves creating a modified framework for the
13 operation of autonomous actors, believing that it will improve the situation. And we will
14 certainly need subsequent rounds of reflection, discourse and reforming the framework. In
15 the second case, the solution to the problem comes down to eliminating discourse and
16 blocking the activities which form a root-cause of the problem. It always means deprivation
17 of some important needs and possibilities to act. Modal action implies limiting the possibilities
18 of some actions but at the same time opening others. In opposition an imperative action leads
19 to the replacement of possibility with coercion (an injunction) - one can act only in one way
20 or not at all.
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22 Modal thinking fulfills many functions which are important for enabling systemic change and
23 as an effect strengthening it. Those are (Hausner 2013, pp. 10-11):
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- 25 - forming new cognitive perspectives,
- 26 - forming the language of social communication,
- 27 - revising the identity of social actors,
- 28 - forming criteria for assessing institutional solutions,
- 29 - reconstruction of the institutional order,
- 30 - expanding the space-time frameworks (references) of social action,
- 31 - giving adaptability to social systems,
- 32 - pre-conditioning the evolution and co-evolution of social systems.

33 Currently, modal thinking has ceased to fulfill its functions properly due to its capture by
34 strong market actors with more capital than states. It makes them too big to fail but also too
35 big to check and too big to manage. They impose the rules of the game and even the course
36 of economic discourse. Thanks to them, the economy and turnover may continue to grow but
37 the social fabric ceases to develop. It may be summed up by the slogan "high growth, low
38 impact", which well reflects the fundamental problem of modern economy. They have learned
39 how to exploit instruments and rules in force, which has a negative impact on all participants
40 of the market game, who were susceptible to the influence because of e.g. aforementioned
41 'animal spirits'.
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43 We call these unreliable instruments and rules which have allowed for dominance of the
44 market by too big companies and other economy issues 'the old imaginary'. The hegemony of
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3 that imaginary means that the macroeconomic framework blurs and ceases to fulfill its
4 functions. And thus we are allowed to do more and more but less and less we can. As a result,
5 dominant market forces do not face a sufficient counterweight. They drive imbalances which
6 are becoming increasingly difficult to prevent and remedy.
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9 Old theories and economic ideas do not match that new reality. Appropriate macroeconomic
10 frameworks cannot be shaped solely with their use. We need a new economic imaginary to
11 influence management through a public policy - to prevent increasing imbalances. Such an
12 imaginary may only emerge as a result of discourse in a specific social space-time and its task
13 (goal) is to form it in such a way that various social actors can and are empowered. Currently,
14 the dominant (hegemonic) economic imaginary destroys such space-time - it is torn apart. The
15 discourse that will create it must relate to the reinterpretation of basic categories of economic
16 sciences and related social sciences, including value, money, property, productivity, efficiency
17 and development. And it's not about new definitions but about new approaches to the
18 content of those concepts. Only in this way will it be possible to gradually generate new rules,
19 i.e. the macro-economic framework for management.
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24 **6. Conclusions**

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26 It is impossible to formulate a correct economic theory of values without recognizing that
27 values have a social nature and that existential rather than instrumental values give meaning
28 to our existence and becoming. Axionormative order is not a product of individuals. It emerges
29 in the aftermath of an "ethical discourse" in which various actors autonomous to each other
30 participate, presenting varied cognitive perspectives and reasons. The result of this discourse
31 may be the adoption of specific normative regulations, including legal rules and codes. But
32 this does not end the matter. The discourse must be continued, if only because humanity
33 creates and reaches for more and more advanced technologies. This makes it important to
34 create an open space for open critique of existing institutions in order to facilitate continuous
35 adaptation of social systems (Waller 1982, Foster 1981). We call this space of discourse
36 "modality". We are transforming civilization and it must be accompanied by a cultural change.
37 When axiological reflection and ethical discourse disappear, tyranny is born, which imposes
38 its axiological perspective. Under its "rule", "deaxiologization" of social life is gradually but
39 consistently carried out: instrumental values displace existential values. We need a new
40 approach to both the economics and management is needed. That is why we need economics
41 of value and a new economic value theory with new imaginary which has to acknowledge non-
42 utilitarian values. In order to achieve that it is crucial to strengthen modality currently
43 weakened by the dominating actors and institutions contributing to the fragility of economic
44 realm.
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51 Looking for answers for the question in which direction should we change our approach in
52 formulating new imaginary in accordance with economics of value it is worth to refer to Luc
53 Boltanski and Ève Chiapello (2005: 19). The conviction that the economy is autonomous,
54 independent of morality, subjected to the realm of positive laws, has become the dominant
55 component of the economic imaginary. And the separation of economics from morality
56 together with "wholesale" inclusion of benefits based on the account of utilitarian morality
57 has given moral sanction to economic operations by the very fact of their profitability. An
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3 increasing number of recognized and respected economists oppose this and try to correct it
4 in both theoretical and practical terms. It is manifested by the debate and work on other
5 measures of prosperity, different from the GDP growth. The meaning of those efforts clearly
6 reflects the thought contained in the following synthesis of an influential OECD report
7 "Beyond GDP. Measuring What Counts for Economic and Social Performance" (Stiglitz et al.,
8 2018: 13): "... what we measure affects what we do. If we measure the wrong thing, we will
9 do the wrong thing. If we don't measure something, it becomes neglected, as if the problem
10 didn't exist."
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14 In order to enable creative discourse which is supposed to contribute to modification of the
15 macro-economic framework, one must secure it's openness. It does not mean that each actor
16 has to take part in it but no one ex officio should be excluded from it. One can distinguish
17 several major phases of such a axionormative discourse which is fundamental for
18 strengthening modality through creation of the new imaginary:
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- 21 1) recognition of the economic contradictions of the system;
 - 22 2) formulation of dilemmas;
 - 23 3) creation of new cognitive perspectives;
 - 24 4) open discussion of their relevance;
 - 25 5) proposition of the new macro-economic framework;
 - 26 6) agreeing on the necessary actions.
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33 To summarize, in our opinion, an enlightened super power or collective social will is not a
34 solution. It is a social system that creates conditions conducive to the subjectivity of
35 individuals and groups and the activation of multi-subject modal thinking referring to the
36 axionormative foundations of the system. We think this is the direction of exploration and
37 action: an intellectual response to the challenge. And that is why this answer should not be
38 relativized at an intellectual level.
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42 If important functions and possibilities of influence are assigned to "politics", then we should
43 refer to politics understood as modality - the space of political discourse (polis) [see Hausner
44 2007]. There are no, not only political, possibilities to overcome the conflict of values. This is
45 an inalienable feature of human - individual and collective - existence. We can only strive to
46 ensure that this kind of conflict does not lead to the disappearance of the community, and
47 thus the inability to generate community and existential values. A common denominator
48 should be sought both in the substantive (axiology) and procedural dimension.
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