

Why does the progress of civilisation require social innovations?

Social innovations precondition the progress of civilisation. The world needs not only new technologies, but also new solutions of social and institutional nature that would be conducive to achieving social goals.

Social innovations are experimental social actions of organisational and institutional nature that aim at improving the quality of life of individuals, communities, nations, companies, circles, or social groups. Their experimental nature stems from the fact of introducing unique and one-time solutions on a large scale, the end results of which are often difficult to be fully predicted. For example, it was difficult to believe that opening new labour markets for foreigners in the countries of the European Union, which can be treated as a social innovation aiming at development of the international labour market, will result in the rapid development of the low-cost airlines, the offer of which will be available to a larger group of recipients. In other words, social innovations differ from economic innovations, as they are not about implementation of new types of production or gaining new markets, but about satisfying new needs, which are not provided by the market. Therefore, the most important distinction consists in that social innovations are concerned with improving the well-being of individuals and communities by additional employment, or increased con-

sumption, as well as participation in solving the problems of individuals and social groups [CSTP, 2011]. In general, social innovations are activities aiming at implementation of social objectives, including mainly the improvement of life of individuals and social groups together with the objectives of public policy and management [Kowalczyk, Sobiecki, 2017]. Their implementation requires global, national, and individual actions. This requires joint operations, both at the scale of the entire globe, as well as in particular interest groups.

Why are social innovations a key point for the progress of civilisation? This is the effect of the clear domination of economic aspects and discrimination of social aspects of this progress. Until the 19th century, the economy was a part of a social structure. As described by K. Polanyi, *it was submerged in social relations* [Polanyi, 2010, p. 56]. In traditional societies, the economic system was in fact derived from the organisation of the society itself. The economy, consisting of small and dispersed craft businesses, was a part of the social, family, and neighbourhood structure. In the 20th century the situation reversed – the economy started to be the force shaping social structures, positions of individual groups, areas of wealth and poverty. The economy and the market mechanism have become independent from the world of politics and society. *To-*

day, the corporations control our lives. They decide what we eat, what we watch, what we wear, where we work and what we do [Bakan, 2006, p. 13].

The corporations started this spectacular “march to rule the world” in the late 19th century. After about a hundred years, at the end of the 20th century, the state under the pressure of corporations and globalisation, started a gradual, but systematic withdrawal from the economy, market and many other functions traditionally belonging to it. As a result, at the end of the last century, a corporation has become a dominant institution in the world. A characteristic feature of this condition is that it gives a complete priority to the interests of corporations. They make decisions of often adverse consequences for the entire social groups, regions, or local communities. They lead to social tensions, political breakdowns, and most often to repeated market turbulences. Thus, a substantial minority (corporations) obtain inconceivable benefits at the expense of the vast majority, that is broad professional and social groups. The lack of relative balance between the economy and society is a barrier to the progress of civilisation.

A growing global concern is the problem of migration. The present crisis, left unresolved, in the long term will return multiplied. Today, there are about 500 million people living in Europe, 1.5 billion in Africa and the Middle East, but in 2100, the population of Europe will be about 400 million and of the Middle East and Africa approximately 4.5 billion. Solving this problem, mainly through social and political innovations, can take place only by a joint operation of highly developed and developing countries. Is it an easy task? It's very difficult. Unfortunately, today, the world is going in the opposite direction. Instead of pursuing the community, empathic thinking, it aims towards nationalism and chauvinism. An

example might be a part of the inaugural address of President Donald Trump, who said that the right of all nations is to put their own interests first. Of course, the United States of America will think about their own interests. As we go in the opposite direction, those who deal with global issues say – nothing will change, unless there is some great crisis, a major disaster that would cause that the great of this world will come to senses.

J.E. Stiglitz [2004], contrary to the current thinking and practice, believes that a different and better world is possible. Globalisation contains the potential of countless benefits from which people both in developing and highly developed countries can benefit. But the practice so far proves that still it is not grown up enough to use its potential in a fair manner. What is needed are new solutions, most of all social and political innovations (political, because they involve a violation of the previous arrangement of interests). Failure to search for breakthrough innovations of social and political nature that would meet the modern challenges, can lead the world to a disaster. Social innovation, and not economic, because the contemporary civilisation problems have their roots in this dimension.

A global problem, solution of which requires innovations of social and political nature, is the disruption of the balance between work and capital. In 2010, 400 richest people had assets such as the half of the poorer population of the world. In 2016, such part was in the possession of only 8 people. This shows the dramatic collapse of the balance between work and capital. The world cannot develop creating the technological progress while increasing unjustified inequalities, which inevitably lead to an outbreak of civil disturbances. This outbreak can have various organisation forms. In the days of the Internet and social media, it is easier to communicate with people. Therefore,

paradoxically, some modern technologies create the conditions facilitating social protests. There is one more important and dangerous effect of implementing technological innovations without simultaneous creation and implementation of social innovations limiting the sky-rocketing increase of economic (followed by social) diversification. Sooner or later, technological progress will become so widespread that, due to the relatively low prices, it will make it possible for the weapons of mass destruction, especially biological and chemical weapons, to reach small terrorist groups. Then, a total, individualized war of global reach can develop. The individualisation of war will follow, as described by the famous German sociologist Ulrich Beck.

To avoid this, it is worth looking at the achievements of the Polish scientist Michał Kalecki, who 75 years ago argued that capitalism alone is not able to develop. It is because it aggressively seeks profit growth, but cannot turn profit into some profitable investments. Therefore, when uncertainty grows, capitalism cannot develop itself, and it must be accompanied by external factors, named by Kalecki – external development factors. These factors include state expenses, finances and, in accordance with the nomenclature of Kalecki – epochal innovations. And what are the current possibilities of activation of the external factors? In short – modest. The countries are indebted, and the basis for the development in the last 20 years were loans, which contributed to the growth of debt of economic entities. What, then, should we do? It is necessary to look for cheaper solutions, but such that are effective, that is breakthrough innovations. These undoubtedly include social and political innovations. Contemporary social innovation is not about investing big money and expensive resources in production, e.g. of a very expensive vaccine, which would be available

for a small group of recipients. Today's social innovation should stimulate the use of lower amounts of resources to produce more products available to larger groups of recipients.

The progress of civilisation happens only as a result of a sustainable development in economic, social, and now also ecological terms. Economic (business) innovations, which help accelerate the growth rate of production and services, contribute to economic development. Profits of corporations increase and, at the same time, the economic objectives of the corporations are realised. But are the objectives of the society as a whole and its members individually realised equally, in parallel? In the chain of social reproduction there are four repeated phases: production – distribution – exchange – consumption. The key point from the social point of view is the phase of distribution. But what are the rules of distribution, how much and who gets from this “cake” produced in the social process of production? In the today's increasingly global economy, the most important mechanism of distribution is the market mechanism. However, in the long run, this mechanism leads to growing income and welfare disparities of various social groups.

Although, the income and welfare diversity in itself is nothing wrong, as it is the result of the diversification of effectiveness of factors of production, including work, the growing disparities to a large extent cannot be justified. Economic situation of the society members increasingly depends not on the contribution of work, but on the size of the capital invested, and the market position of the economic entity, and on the “governing power of capital” on the market. It should also be noted that this diversification is also related to speculative activities. Disparities between the implemented economic and social innovations can lead to the collapse of the progress of civilisation.

Nowadays, economic crises are often justified by, indeed, social and political considerations, such as marginalisation of nation states, imbalance of power (or imbalance of fear), religious conflicts, nationalism, chauvinism, etc. It is also considered that the first global financial crisis of the 21st century originated from the wrong social policy pursued by the US Government, which led to the creation of a gigantic public debt, which consequently led to an economic breakdown. This resulted in the financial crisis, but also in deepening of the social imbalances and widening of the circles of poverty and social exclusion. It can even be stated that it was a crisis in public confidence. Therefore, the causes of crises are the conflicts between the economic dimension of the development and its social dimension.

Contemporary world is filled with various innovations of economic or business nature (including technological, product, marketing, and in part – organisational). The existing solutions can be a source of economic progress, which is a component of the progress of civilisation. However, economic innovations do not complete the entire progress of civilisation moreover, the saturation, and often supersaturation with implementations and economic innovations leads to an excessive use of material factors of production. As a consequence, it results in lowering of the efficiency of their use, unnecessary extra burden to the planet, and passing of the negative effects on the society and future generations (of consumers). On the other hand, it leads to forcing the consumption of durable consumer goods, and gathering them “just in case”, and also to the low degree of their use (e.g. more cars in a household than its members results in the additional load on traffic routes, which results in an increase in the inconvenience of movement of people, thus to the reduction of the quality of life).

Introduction of yet another economic innovation will not solve this problem. It can be solved only by social innovations that are in a permanent shortage. A social innovation which fosters solving the issue of excessive accumulation of tangible production goods is a developing phenomenon called *sharing economy*. It is based on the principle: “the use of a service provided by some welfare does not require being its owner”. This principle allows for an economic use of resources located in households, but which have been “latent” so far. In this way, increasing of the scope of services provided (transport, residential and tourist accommodation) does not require any growth of additional tangible resources of factors of production. So, it contributes to the growth of household incomes, and inhibition of loading the planet with material goods processed by man [see Poniatowska-Jaksch, Sobiecki, 2016]. Another example: we live in times, in which, contrary to the law of T. Malthus, the planet is able to feed all people, that is to guarantee their minimum required nutrients. But still, millions of people die of starvation and malnutrition, but also due to obesity. Can this problem be solved with another economic innovation? Certainly not! Economic innovations will certainly help to partially solve the problem of nutrition, at least by the new methods of storing and preservation of foods, to reduce its waste in the phase of storage and transport. However, a key condition to solve this problem is to create and implement an innovation of a social nature (in many cases also political). We will not be able to speak about the progress of civilisation in a situation, where there are people dying of starvation and malnutrition.

A growing global social concern, resulting from implementation of an economic (technological) innovation will be robotisation, and more specifically – the effects arising from its dissemination on a

large scale. So far, the issue has been postponed due to globalisation of the labour market, which led to cheapening of the work factor by more than ten times in the countries of Asia or South America. But it ends slowly. Labour becomes more and more expensive, which means that the robots become relatively cheap. The mechanism leading to low prices of the labour factor expires. Wages increase, and this changes the relationship of the prices of capital and labour. Capital becomes relatively cheaper and cheaper, and this leads to reducing of the demand for work, at the same time increasing the demand for capital (in the form of robots).

The introduction of robots will be an effect of the phenomenon of substitution of the factors of production. A cheaper factor (in this case capital in the form of robots) will be cheaper than the same activities performed by man. According to W. Szymański [2017], such change is a dysfunction of capitalism. A great challenge, because capitalism is based on the market-driven shaping of income. The market-driven shaping of income means that the income is derived from the sale of the factors of production. Most people have income from employment. Robots change this mechanism. It is estimated that scientific progress allows to create such number of robots that will replace billion people in the world. What will happen to those “superseded”, what will replace the income from human labour? Capitalism will face an institutional challenge, and must replace the market-driven shaping of income with another, new one. The introduction of robots means microeconomic battle with the barrier of demand. To sell more, one needs to cut costs. The costs are lowered by the introduction of robots, but the use of robots reduces the demand for human labour. Lowering the demand for human labour results in the reduction of employment, and lower wages. Lower wages result in

the reduction of the demand for goods and services. To increase the demand for goods and services, the companies must lower their costs, so they increase the involvement of robots, etc.

A mechanism of the vicious circle appears

If such a mass substitution of the factors of production is unfavourable from the point of view of stimulating the development of the economy, then something must be done to improve the adverse price relations for labour. How can the conditions of competition between a robot and a man be made equal, at least partially? Robots should be taxed. Bill Gates, among others, is a supporter of such a solution. However, this is only one of the tools that can be used. The solution of the problem requires a change in the mechanism, so a breakthrough innovation of a social and political nature. We can say that technological and product innovations force the creation of social and political innovations (maybe institutional changes). Product innovations solve some problems (e.g. they contribute to the reduction of production costs), but at the same time, give rise to others.

Progress of civilisation for centuries and even millennia was primarily an intellectual progress. It was difficult to discuss economic progress at that time. Then we had to deal with the imbalance between the economic and the social element. The insufficiency of the economic factor (otherwise than it is today) was the reason for the tensions and crises. Estimates of growth indicate that the increase in industrial production from ancient times to the first industrial revolution, that is until about 1700, was 0.1-0.2 per year on average. Only the next centuries brought about systematically increasing pace of economic growth. During 1700-1820, it was 0.5% on an annual average, and between 1820-1913 – 1.5%, and be-

tween 1913-2012 – 3.0% [Piketty, 2015, p. 97]. So, the significant pace of the economic growth is found only at the turn of the 19th and 20th century. Additionally, the growth in this period refers predominantly to Europe and North America. The countries on other continents were either stuck in colonialism, structurally similar to the medieval period, or “lived” on the history of their former glory, as, for example, China and Japan, or to a lesser extent some countries of the Middle East and South America. The growth, having then the signs of the modern growth, that is the growth based on technological progress, was attributed mainly to Europe and the United States.

The progress of civilisation requires the creation of new social initiatives. Social innovations are indeed an additional capital to keep the social structure in bal-

ance. The social capital is seen as a means and purpose and as a primary source of new values for the members of the society. Social innovations also motivate every citizen to actively participate in this process. It is necessary, because traditional ways of solving social problems, even those known for a long time as unemployment, ageing of the society, or exclusion of considerable social and professional groups from the social and economic development, simply fail. “Old” problems are joined by new ones, such as the increase of social inequalities, climate change, or rapidly growing environmental pollution. New phenomena and problems require new solutions, changes to existing procedures, programmes, and often a completely different approach and instruments [Kowalczyk, Sobiecki, 2017].

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