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The economy of excess versus the doctrine of quality

Andrzej Jacek Blikle

Doktryna jakości. Rzecz o skutecznym zarządzaniu
(*The Doctrine of Quality. On Effective Management*)

Gliwice, Helion Publishing Company, 2014, p. 546

One of the distinctive features of the contemporary economy and contemporary world is a kind of obsession of quantity which is related to thoughtless consumerism, unfavourable to the care for the quality of the work and the quality of the produced and consumed goods and services. It is accompanied by culture (or rather non-culture) of singleness. Therefore, the book *The Doctrine of Quality* by Andrzej Blikle is like a breath of fresh air.

It is a different perspective on the economy and the model of operation of enterprises, on the model of work and life of people. A. Blikle proves that it can be done otherwise. He proves it on the basis of careful studies of the source literature – as expected from a professor of mathematics and an economist, but also on the basis of his own experience gained during the scientific and educational work, and most of all through the economic practice. In the world governed by the obsession of quantity, characterised by fragility, shortness of human relationships, including the relationship of the entrepreneur – employee, A. Blikle chooses durability of these relations, creativity, responsibility, quality of work and production, and ethics.

The Doctrine of Quality is a rare example of the work on the Polish publishing market, whose author is a prominent

scientist, successfully conducting a business activity for more than two decades, which has contributed to the development of the family company – a known confectionery brand “A. Blikle”. The combination of practical experience with theoretical knowledge gave a result that may be satisfying both for practitioners as well as theorists, and also those who want to get to know the ins and outs of an effective and efficient business management, or de-



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in the field of business administration
in the years 2014-2015”.

velop the knowledge on this topic. In an attractive, clear narrative form, the author comprehensively presents the complexities of business management, indicating the sources of success, but also the reasons and the foundations of failures.

At the same time, he presents these issues with an interdisciplinary approach, which contributes to thoroughness of the arguments and deeper reflections.

Holism, typical to this book, is also expressed in the focus of A. Blikle not only on the economic, but also on social and ecological issues. Here, the author points to the possibility and need of reconciliation of the economic interests with social interests, and the care for the public good. Analyses of this subject are presented using the achievements of many areas of studies, in addition to economic sciences, including mathematics, sociology, psychology, medicine, and others. This gives a comprehensive picture of the complexity of business management – taking into account its close and distant environment.

There are no longueurs in the book, although extensive (over 500 pages), or lengthy, or even unnecessary reasoning overwhelming the reader, as the text is illustrated with a number of examples from practice, and coloured with anecdotes. At the same time, the author does not avoid using expressions popular in the world of (not only) business. He proves that a motivational system which is not based on the approach of “carrot and stick” and without a devastating competition of a “rat race” is possible. The author supports his arguments with references not only to the interdisciplinary scientific achievements, but also to the economic historical experiences and to a variety of older and newer business models.

There is a clear fascination with the reserves of creativity and productivity in the humanization of work. In fact, the author strongly exposes the potential of

productivity and creativity in creating the conditions and atmosphere of work fostering elimination of fear of the future. He shows that such fear destroys creativity. It is not a coincidence that A. Blikle refers to the Fordist principles, including the warning that *manufacturing and business do not consist of cheap buying and expensive selling*. He reminds that Henry Ford, a legendary creator of the development of the automotive industry in the United States, put serving the public before the profit.

The Doctrine of Quality is at the same time a book – proof that one of the most dangerous misconceptions or errors in the contemporary understanding of economics is finding that it is a science of making money, chremastics. Edmund Phelps and others warned against this in the year of the outbreak of the financial crisis in the USA in 2008, reminding that *economics is not a science of making money but a science of relations between the economy and social life* [Phelps, 2008]. Economics is a science of people in the process of management. Therefore, by definition, it applies to social values and ethos. Ethos is a general set of values, standards and models of proceedings adopted by a particular group of people. In this sense, ethos and economics as a science of people in the process of management are inseparable. Detaching economics from morality is in contradiction to the classical Smithian concept of economics, as Adam Smith combined the idea of the free market with morality. He treated his first work, *The Theory of Moral Sentiments*, as an inseparable basis for deliberations on the nature and causes of the wealth of nations, which was the subject of the subsequent work of this thinker [Smith, 1989; Smith, 2012]. Identifying economics with chremastics would then mean that all actions are acceptable and desired, if their outcome is earnings, profit, money. The book of A. Blikle denies it. It contains a number of

case studies, which also stimulate broader reflections. Therefore, and also due to the features indicated above, it can be a very useful teaching aid in teaching entrepreneurship and management.

The appearance of a book promoting the doctrine of quality and exposing the meaning of ethos of work is especially important because today the phenomenon of product adulteration becomes increasingly widespread, which is ironically referred to in literature as the “gold-plating” of products [Sennett, 2010, pp. 115-118], and the trend as “antifeatures”, that is intentionally limiting the efficiency and durability of products of daily use to create demand for new products. A model example of antifeature is a sim-lock installed in some telephones which makes it impossible to use SIM cards of foreign operators [Rohwetter, 2011, p. 48; Miszewski, 2013]. These types of negative phenomena are also promoted by the development of systemic solutions aiming at the diffusion of responsibility [Sennett, 2010]. This issue is presented among others by Nassim N.N. Taleb, in the book with a meaningful title *Antifragile: How to Live in a World We Don't Understand?* The author proves that the economy and society lose their natural durability as a result of the introduction of numerous tools and methods of insurance against risks, but mostly by shifting the burden of risks on other entities [Taleb, 2012]. N.N. Taleb illustrates his arguments with numerous convincing examples and references to history, recalling, inter alia, that in ancient times there was no building control, but the constructors, e.g. of bridges had to sleep under them for some time after their construction, and the ancient aqueducts are still working well until today. So, he shows that a contemporary world, focused on quantitative effects, does not create a sound base for ethical behaviours and the care for the quality of work and manufacturing.

Andrzej Blikle points to the need and possibility of opposing this, and opposing to what the Noble Price Winner for Economics, Joseph Stiglitz described as *avarice triumphs over prudence* [Stiglitz, 2015, p. 277]. The phrase emphasised in the book “Live and work with a purpose” is the opposition to the dangerous phenomena listed above, such as for example antifeatures.

The book cites numerous arguments convincing that although the business activity is essentially focused on profits, making money, limited to this, it would be led to the syndrome of King Midas, who wanted to turn everything he touched into gold, but he soon realised that he was at risk of dying of starvation, as even the food turned into gold. What distinguishes this book is that almost every part of it forces in-depth reflections on the social and economic relations and brings to mind the works of other authors, but at the same time, creates a new context for them.

So, A. Blikle clearly proves that both the economy and businesses need social rooting. This corresponds to the theses of the Hungarian intellectual Karl Polanyi, who in his renowned work *The Great Transformation*, already in 1944 argued that *the economy is not rooted in the social relations* [Polanyi, 2010, p. 70]. He pointed to the risk resulting from *commodification of everything*, and warned that allowing the market mechanism and competition to control the human life and environment would result in disintegration of society.

Although K. Polanyi's warnings were concerned with the industrial civilization, they are still valid, even now – when the digital revolution brings fundamental changes, among others, on the labour market – they strengthen it. The dynamics of these changes is so high that it seems that the thesis of Jeremy Rifkin on *the end of work* [Rifkin, 2003] be-

comes more plausible. It is also confirmed by recent analyses included in the book of this author, concerning the society of zero marginal cost and sharing economy [Rifkin, 2016], and the analyses concerning uberisation [Uberworld, 2016].

The book of Andrzej Blikle also evokes one of the basic asymmetries of the contemporary world, which is the inadequacy of the dynamics and sizes of the supply of products and services to the dynamics and sizes of the demand for them. Insufficient demand collides with the rapidly increasing, as a result of technological changes, possibilities of growth of production and services. This leads to overproduction and related therewith large negative implications, with features of wasteful economy of excess [Kornai, 2014]. It is accompanied by phenomena with features of some kind of market bulimia, sick consumerism, detrimental both to people and the environment [Rist, 2015]. One of the more compromising signs of the economy of excess and wasting of resources is wasting of food by rich countries, when simultaneously, there are areas of hunger in some parts of the world [Stuart, 2009].

At the same time, the economy of excess does not translate to the comfort of the buyers of goods – as in theory attributed to the consumer market. It is indicated in the publication of Janos Kornai concerning a comparative analysis of the features of socio-economic systems. While exposing his deep critical evaluation of socialist non-market systems, as economies of *constant deficiency*, he does not spare critical opinions on the capitalist economy of excess, with its quest for the growth of the gross domestic product (GDP) and profits. As an example of the economy of excess, he indicates the pharmaceutical industry, *with strong monopolistic competition, dynamic innovativeness, wide selection for the buyers, flood of advertisements, manipulation of customers, and often bribing the doctors prescribing products* [Kornai

2014, p. 202]. This type of abnormalities is not alien to other industries. Although J. Kornai appreciates that in the economy of excess, including the excess of production capacities, *the excess is “grease” calming down and soothing clashes that occur in the mechanisms of adaptation*, he also sees that *those who claim that in the economy of excess (or more generally in the market economy), sovereignty of consumers dominates, exaggerate* [Kornai, 2014, pp. 171-172], as the manufacturers, creating the supply, manipulate the consumers. *Thus, there is an excess of supply – both of values as well as junk* [Kornai, 2014, p. 176]. Analysing the economy of excess, J. Kornai brings this issue to the question of *domination and subordination*. It corresponds with the opinion of Jerzy Wilkin, according to whom, *the free market can also enslave, so take away individual freedom; on the other hand, the lack of the free market can lead to enslavement as well. Economists willingly talk about the free market, and less about the free man* [Wilkin, 2014, p. 4].

The economy of excess is one of the consequences of making a fetish of the economic growth and its measure, which is the gross domestic product (GDP) and treating it as the basis of social and economic activity. In such a system, the pressure of growth is created, so *you must grow to avoid death! The system is thus comparable to a cyclist, who has to move forwards to keep his balance* [Rist, 2015, p. 181]. It corresponds with the known, unflattering to economists, saying of Kenneth E. Boulding [1956], criticising the focus of economics on the economic growth, while ignoring social implications and consequences to the environment: *Anyone who believes in indefinite growth in anything physical, on a physically finite planet, is either mad or an economist.* [from: Rist, 2015, p. 268].

GDP is a very much needed or even indispensable measure for evaluation of the material level of the economies of

individual countries and for comparing their economic health. However, it is insufficient for evaluation of the real level of welfare and quality of life. It requires supplementation with other measures, as it takes into account only the values created by the market purchase and sale transactions. It reflects only the market results of the activity of enterprises and households. Additionally, the GDP account treats the socially desirable and not desirable activities equally. Thus, the market activity related to social pathologies (e.g. functioning of prisons, prostitution, and drug dealing) also increase the GDP. It was accurately expressed already in 1968 by Robert Kennedy, who concluded the discussion on this issue saying that: *the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile* [The Guardian, 2012].

While Grzegorz W. Kołodko even states that *it should be surprising how it is possible that despite a number of alternative measures of social and economic progress, we are still in the corset of narrow measure of the gross product, which completely omits many significant aspects of the social process of reproduction* [Kołodko, 2013, p. 44]. In this context he points to the necessity of *triple sustainable growth – economic, social, and ecological* [Kołodko, 2013, p. 377].

Transition from the industrial civilisation model to the new model of economy, to the age of information, causes a kind of cultural regression, a phenomenon of cultural anchoring in the old system. This type of *lock-in effect* – described in the source literature, that is the effect of lock-

ing in the existing frames and systemic solutions, is a barrier to development. The practice more and more often and clearer demonstrates that in the conditions of the new economy, the tools and traditional solutions turn out to be not only ineffective, but they even increase the risk of wrong social and economic decisions, made at different institutional levels.

All this proves that new development models must be searched for and implemented, to allow counteraction to dysfunctions of the contemporary economy and wasting the development potential, resulting from a variety of maladjustments generated by the crisis of civilisation. Polish authors who devote much of their work to these issues include G.W. Kołodko, Jerzy Kleer, or Maciej Bałtowski. Studies confirm that there is a need for a new pragmatism, new, pro-inclusive model of shaping the social and economic reality, a model which is more socially rooted, aiming at reconciling social, economic and ecological objectives, with simultaneous optimisation of the use of the social and economic potential [Kołodko, 2013; Bałtowski, 2016; Kleer, 2015]. There is more and more evidence that the barriers to economic development growing in the global economy are closely related with the rooting of the economy in social relations. The book of A. Blikle becomes a part of this trend in a new and original manner. Although the author concentrates on the analyses of social relations mainly at the level of an enterprise, at the same time, he comments them at a macroeconomic, sociological and ethical level, and interdisciplinary contexts constitute an original value of the book.

Conclusion

I treat the book of Andrzej Blikle as an important voice in favour of shaping an inclusive social and economic system, in favour of shaping inclusive enterprises, that is oriented on an optimal absorption

of knowledge, innovation and effective reconciliation of the interests of entrepreneurs with the interests of employees and the interests of society.

Inclusiveness is indeed a value in itself. It is understood as a mechanism/system limiting wasting of material resources and human capital, and counteracting environmental degradation. An inclusive social and economic system is a system oriented on optimisation of the production

resources and reducing the span between the actual and potential level of economic growth and social development [Reforma, 2015]. And this is the system addressed by Andrzej Blikle in his book. At least this is how I see it. Although the book is mainly concerned with business management, its message has a much wider dimension and is concerned with real measures of wealth, money and people's lives.

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