

Does the Concept of Patchwork Capitalism Fit the Polish Case? A Response to the Review by Marek Garbicz

The article was prepared in collaboration
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Abstract

The article is a response to Marek Garbicz's critical review of the new conceptualization of patchwork capitalism, published in this issue of WFES. The authors argue with the core belief of the reviewer underlying his whole line of argument that the complete picture of Post-Communist capitalism in Poland and selected CEE countries has already been built, as embodied in the concept of a 'dependent market economy' put forward by Nölke and Vliegenthart in 2009, and that nothing new can be added to this picture. They simultaneously discard the resulting criticisms of the new conceptualization spelled out by Garbicz pointing out that his arguments are largely unfounded, and may be due to his misperception of the very idea of patchwork capitalism and misguided interpretation of the relevant arguments underlying this idea, coupled with some gaps and weaknesses in his own reasoning. They therefore stand by their position that the new, "ideal-typical" conceptualization of patchwork capitalism developed in their 2021 article in WFES is a new, stand-alone research category which adds value to the multi-causal explanation of the complex, multi-dimensional and multi-layer nature and unique institutional features of the new socio-economic

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order existing in Poland and selected CEE countries. Hence, according to the authors, it fits the Polish case, as well as the case of those countries, provided though that it is interpreted in terms of Max Weber's ideal type rather than empirical generalization.

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In his insightful contribution published in this issue of the “Warsaw Forum of Economic Sociology”, Marek Garbicz [2022] reviews our new conceptualization of patchwork capitalism that came into being in former socialist countries in Central and Eastern Europe [Gardawski, Rapacki 2021]. Notwithstanding the fact that the reviewer finds some traits of novelty and originality in this idea (page 40), he essentially discards the very patchwork concept as a key capable of opening and fully explaining the content and intricacies of the “black box” of Post-Communist capitalism in CEE countries. If confronted with the idea of a Dependent Market Economy (DME), which in his view should be seen as a sole possible benchmark for other competing or even complementary explanations, the new conceptualization of patchwork capitalism adds relatively little to our understanding of the nature and peculiar institutional characteristics of the new socio-economic order that emerged in Central and Eastern Europe after the collapse of socialism in 1989–1991. Departing from this general premise, Garbicz raises a number of objections which in his view constitute the main shortcomings or weaknesses of our conceptualization. These include in particular the following allegations.

1. The idea of patchwork capitalism is difficult to reconcile with the concept of DME and was built in opposition to the category of (semi) peripheral dependent capitalism (page 43). One of the implications of this is that in our approach we do not take proper account of an important variable explaining the essence of capitalism in Poland and CEE countries, namely their role in the global economy as a (semi) periphery (page 41) which in turn translates into another flaw, i.e., that we (...) “incorrectly identify the place of these economies on the economic world map” (page 43).

2. As a result, our conceptualization highlights only the secondary features of post-communist capitalism in Poland and CEE countries, which makes our analysis to glide on the surface of the problem and does not allow to reach deeper layers of phenomena determining the nature of the socio-economic order that emerged in these countries (page 43). For Marek Garbicz, the most pronounced examples of such secondary features of capitalism in Poland, which are irrelevant (or else, make

up its purely formal attributes), that – in his view - are unnecessarily emphasized, comprise e.g., incoherence of the prevailing institutional architecture or the weakness of institutions existing in our country (page 44).

3. Our conceptualization fails to address the issue of major social groups and classes that evolved in CEE countries after 1990 (especially foreign capital) and determine the shape and evolution of capitalism there (page 41).

4. As a derivative, according to the reviewer, we put forward a thesis that it is not known in whose interest the reproduction of capital has taken place in Poland (page 3). In this context, he claims (page 41) that the reproduction process was mainly in the interest of foreign capital.

5. Against this background, Garbicz raises another objection with regard to our approach that is overlooking the power relations in TNCs which in his view are particularly important, if seen from the angle of the role of foreign capital in the Polish economy. Instead, he goes on, we overemphasize issues such as organizational culture or management methods (“For example, differences in the way companies are managed, differences in the organizational culture of foreign capital from different countries, etc. are emphasized. For some reason, the authors of the patchwork concept do not notice these relations of power, ignore and omit them, although they are fully aware of the role played by foreign capital in the privatization process” – page 43).

6. Similarly, the author of the review believes (page 43) that we attach too much importance to the subjective motivations of the reform elites initiating and implementing the systemic transformation process (“At the same time, an exaggerated role is attributed to the subjective motivations of the actors participating or implementing transformation processes”). In his opinion, this was the factor of opening the economy to the influx of foreign capital which played a decisive role that – regardless of the intentions of the reform elites – led to the takeover or colonization (sic! – page 46) of the Polish economy by foreign capital. As a consequence, he suggests that in further research on the patchwork concept, the issue of the role of reform elites should be discontinued (page 44).

7. According to this author, we also overestimate the role of the way the new socio-economic order was built in Poland – i.e., in the absence of the domestic capitalist class as a variable explaining the essence of patchwork capitalism („(...) in the opinion of the authors of the concept, building capitalism without capitalists was the original sin of the transformation” – page 43).

8. Further, as interpreted by Garbicz, we allegedly argue that the weakness of institutions in Poland, including the weakness of the state, is solely a consequence of the way the reform elites carried out the systemic transformation process (page 44).

9. Parallel to that, we also underestimate the role of informal institutions in the process of building capitalism in Poland (page 44).

10. Finally, as his own contribution to the discussion with Gardawski and Rapacki, Marek Garbicz develops the theme of the low stock of social capital in Poland, which he believes ranks among the key determinants of the weakness of state's institution in the country (page 45). Indirectly, this claim could be interpreted as one more, implicit criticism of our conceptualization - apparently, in the opinion of this author, we emphasize this factor too little or at all.

11. Based on the foregoing allegations, in the concluding part of his article (page 46), the reviewer wraps up his argument and rejects the very concept of patchwork as a key to explaining the essence and certain specific dimensions of post-communist capitalism, absent so far in the literature, even as a way which would supplement or develop/amend other concepts. In his view, Polish capitalism is not an institutional patchwork, but a case of semi-peripheral dependent capitalism with a weak state.

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In the ensuing part of the text, we will strive to show that the points of fault-finding raised by Marek Garbicz are in large part groundless allegations which may stem from a number of essential misperceptions of the very idea of patchwork capitalism and misinterpretations of our argument by this author, coupled with some loopholes and flaws in his own reasoning. We will subdivide our response to his objections below into three broad categories: (i) general points of a fundamental methodological nature, (ii) specific counterarguments addressing particular objections formulated by Garbicz, and (iii) fallacies in his own argument.

As far as "the first category of fundamental fallacies" in the argument of the reviewer is concerned, the following points should be made.

First and foremost, the logical breakdown and the resulting critique of our idea of patchwork capitalism have been made solely through the lens of Weber's average types or empirical generalizations. The author completely ignored the fact that our approach and the whole underlying logic of our conceptualization were based on the application of Weber's method of ideal types, which fundamentally changes the epistemological perspective. Hence, the very title of his review misses the point as patchwork capitalism in Poland (and elsewhere in the CEE region) is interpreted in terms of the empirical generalization only.

Secondly, Garbicz apparently overemphasizes the virtues of the concept of Dependent Market Economy (developed by Nölke and Vliegenthart [2009], having its earlier inspirations in Latin American 'dependency school' [Cardoso, Faletto 1979] and

‘world-system’ theory of Wallerstein [1974]), as the exclusive, having no alternatives, way of uncovering the ‘truth’ on the essence and most salient features of Post-Communist capitalism in CEE countries, which needs no further extensions, amendments or updates whatsoever. Such a strong bias is equivalent to the exclusion or ‘discrediting’ by definition of other, competing or even complementary explanations of the unique nature of Post-Communist capitalism. This applies not just to our patchwork concept but also to other interpretations of Post-Communist capitalism, well established in state-of-the-art literature, including the typologies put forward by King and Szelenyi [2005], Myant and Drahokoupil [2011], Bohle and Greskovits [2012], Farkas [2011], Ahrens, Ahlborn, and Schweickert [2016] and recently by Magyar and Madlovits [2023a and 2023b].¹ At the same time, absolutization of the DME concept implies oversimplification of the complex essence of the socio-economic orders in Post-Communist countries and its reduction to just one (essential, yet not the only significant) dimension. By the same token, it entails a uni-causality while explaining its formation and the way of its operation today which is quite a serious pitfall and a deaden street in the research on comparative capitalism in particular and in social sciences in general.

Thirdly, as a derivative of his belief in the all-encompassing explanatory power of the DME concept described under the previous heading, the reviewer comes to extreme conclusions regarding the critical importance of foreign capital (TNCs) in the socio-economic development of Poland and in the process of building post-communist capitalism. In this respect, some of his claims are not supported by sufficient empirical evidence. Such an extreme judgement sometimes leads to substantive errors e.g., in the assessment of Poland’s place in the international value chain (page 42), a shortcoming that will be addressed in more detail later in this text.

Fourthly, Garbicz’s assessment of our conceptualization is strongly biased towards formal institutions rather than their informal counterparts which enter the stage only in the final part of his article. With respect to the latter, the author admittedly neglects the role of informal institutions with “long duration” [Braudel 1999], i.e., patterns of values and norms of behavior carried forward through many generations. In this context, another drawback in his approach becomes apparent, i.e., a disregard for

¹ Although the concept of patronal capitalism was originally devised by Magyar and Madlovits with a view to describe the unique characteristics of capitalism in Hungary, some authors [e.g. Sadurski 2023] argue that most of these characteristics can be used to explain the evolution of capitalism in post-2015 Poland as well. In their latest book, the Hungarian researchers developed their own more comprehensive typology of post-communist capitalism centered around the idea of authoritarian patronage, covering most post-socialist countries [Magyar, Madlovits 2023a].

the factor of a sizeable mismatch between formal and informal institutions in Poland and other CEE countries and poor social embeddedness [Polanyi 1957] of the former, which we extensively discuss in our paper.

Fifthly, the author of the review adopts a debatable assumption that all countries in the world throughout the history of mankind were (and continue to be) to smaller or greater extent institutional patchworks, or else – that their institutional architectures have not been fully homogeneous or coherent. This assumption makes him argue that the concept of patchwork capitalism does not explain anything. Still, even if this assumption might have been partly true, it implies only a certain degree of institutional heterogeneity, which is a far cry from being a “patchwork”. In other words, this author puts an equality sign between the categories of a mixed economy, hybrid socio-economic order and institutional patchwork, which is equivalent to another oversimplification. As a quick reminder, in our conceptualization patchwork capitalism – due to its unprecedented origins and peculiarity of its institutional design – represents a distinct research category or a unique socio-economic order compared to a general and perhaps misleading label of mixed or hybrid economy.

Sixthly, the review concerned presents a predominantly static and to some extent ahistorical perspective on the nature and most peculiar institutional traits of capitalism that emerged in Poland and CEE countries as it offers mostly a snapshot of its today's design and operation. By the same token, Garbicz overlooks very important issues of the very methods of preparing the blueprint and building the patchwork order at the outset of systemic transformation and its subsequent evolution. In other words, he believes that the foundations erected at that time had no significant impact on the later shape of the entire institutional architecture and its subsequent performance in Poland and in the CEE region.

Finally, the drawback described in point 1 above, makes the reviewer falling into an intellectual trap. In fact, it boils down to a belief that all dependent market economies located at the (semi) periphery of the world economy can be put into the same (just one) basket, including e.g., post-socialist countries, Latin American countries or post-colonial African states. Since all these countries are (semi) peripheral, dependent market economies, it is irrelevant for the reviewer what historical path they have followed that led them to today's status. It also does not matter for him that after World War II – in the lifetime of just one generation – the CEE countries experienced two dramatic breakdowns of their earlier development trajectories, unique in contemporary history, which meant twice the destruction of the previous institutional fabric and a two-time U-turn of the hitherto socio-economic order towards its antithesis (the road from capitalism to socialism and

back). Indeed, such a standpoint is essentially equivalent to rejecting the entire – well-embedded in the literature – theory of long duration [Braudel 1999] and path dependence [see e.g. David 1994].

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The second part of our reaction focuses on specific points raised by Marek Garbicz and addresses his particular pleas, in the order adopted earlier in the pertinent section of this text.

1. “The idea of patchwork capitalism is difficult to reconcile with the concept of DME and was built in opposition to the category of (semi) peripheral dependent capitalism”. In our view this objection is unfounded – in our conceptualization we also take into account these dimensions of the socio-economic order and we devote a lot of space both to the factor of the (semi) peripheral status of Poland and other CEE11 countries, as well as their dependence on foreign capital. We just place the emphasis differently – we highlight in particular the aspect of incoherence of the institutional architecture and lack (weakness) of its fabric, i.e., primary, structural features which significantly facilitated the expansion of foreign capital and made patchwork capitalism an “open access order”, susceptible to uncontrolled imports of entropy and to development drift [Gardawski 2022].² In more general terms, the idea of patchwork capitalism shows just another face or dimension of the same being (Post-Communist capitalism) and can be easily reconciled with the DME concept as an amendment or extension, provided that the latter is not treated as a matchless benchmark or a monopolistic, all-encompassing explanation of the very essence and all features of the socio-economic order that came to existence in Poland and CEE countries.

2. “Our conceptualization highlights only the secondary features of post-communist capitalism in Poland and CEE countries”, which are close to the surface, such as e.g., the weakness of existing institutions. We do not share the assertion of the reviewer

² In fact, the most salient features of the Dependent Market Economy in the Visegrad countries listed by Nölke and Vliegenthart are the same as the set of characteristics defining the ideal type of patchwork capitalism we have presented; these features include, in particular: (i) the fundamental lack of autonomy of the CEE economies and their dependence on the investment decisions of transnational corporations (TNCs), (ii) the destruction of the institutional architecture of the previous socio-economic system and opening the window of opportunity to create an institutional order that best suits the interests of the TNCs, (iii) the absence of a domestic economic ruling class or, in other words, its own bourgeoisie, whose interests would conflict with those of the TNCs (in this respect, from the TNCs' point of view, the situation in Central and Eastern European countries was more favourable than in Latin America), and (iv) the prevailing ideology of the ruling class, which assumed open access for foreign investment [Nölke, Vliegenthart 2009]. This problem was discussed in more detail by Juliusz Gardawski in his article in the previous issue of the “Warsaw Forum of Economic Sociology” [Gardawski 2022].

that the features of post-communist capitalism we examined and which in our view make up the patchwork order are secondary only. In this regard, it is worth stressing that our focus on the misalignment of the major building blocks of the institutional architecture and the lack or weakness of the institutional fabric in a socio-economic order draws, *inter alia*, from the leading idea in social sciences, i.e. **dualism of structures** (derived i.a. from structural linguistics of de Saussure, anthropological structuralism of Levi-Strauss, psycho-culturalism of Benedict and Kardiner, structuration theory of Giddens, and economic institutionalism of North) and refers to the notion of “deep institutions”. For the followers of the structuralist idea, deep, long-lasting structures of various kind that constitute the “second nature” of societies, shape (or structure) the corresponding social phenomena taking place close to the surface [Sewell Jr. 1992]. In this context, it is particularly surprising that the reviewer deems the weakness of institutions a purely formal and insignificant (secondary) feature. This may indicate that he clearly underestimates the role of institutions in socio-economic development. In this regard, it suffices to refer to the canonical works of such prominent scholars as de Soto [2002], Landes [2005] or Acemoglu and Robinson [2014], not to mention the whole current of new institutional economics (North, Williamson and others), who emphasize how important are good (or weak) institutions as a success or failure factor in the economic race of nations (“institutions matter”).

3. “Failure to address the issue of major social groups and classes that evolved in CEE countries after 1990”. This allegation is misplaced as we allocated quite a substantial space in our article to show the emergence (or eclipse) and evolution – both under authoritarian socialism and in the course of systemic transformation – of major social classes and strata in Poland including the working class, peasantry, communist nomenklatura, public sector and state capital, small private entrepreneurship, the nascent medium- and large domestic capital as well as intelligentsia with special focus on the prominent role of former opposition and reform elites.

4. According to the reviewer, “we put forward a thesis that it is not known in whose interest the reproduction of capital has taken place in Poland”. To our best knowledge, this objection is groundless as there is no such an explicit thesis in our article. In this context, Garbicz contends that the reproduction process was mainly in the interest of foreign capital. This is quite a radical contention which oversimplifies a much more complex reality and requires at least three comments.

(i) It is ahistorical – this was not the case in the initial period of systemic transformation (1990–96), when the FDI inflow to Poland and other CEE11 countries used to be quite small (the only exception being Hungary). The large-scale FDI influx to the region only started in the second half of the 1990s.

- (ii) Even if TNCs are the biggest beneficiaries of systemic transformation in the CEE countries, other actors in this process cannot be omitted from the analysis, including the three categories of capital mentioned by the reviewer.
- (iii) After 1990, the balance of power between these four groups of actors was subject to both short-term and long-term changes.

5. “Overlooking the power relations in TNCs, while overemphasizing issues such as organizational culture or management methods”. We find it difficult to agree with this plea, as in our article we discuss the power relations within TNCs and their transmission into Poland’s economic policy pursued as well as into the design of institutional (regulatory) changes which – not infrequently – tended to fit mostly the interests of foreign capital. Yet, we are grateful to the reviewer for drawing our attention to this factor; we are going to develop in more depth the theme of power relations in TNCs in the host CEE countries as explanatory variable of patchwork capitalism in our prospective research agenda.

6. “Too much importance being attached to the subjective motivations of the reform elites initiating and implementing the systemic transformation process”. We deem this assertion to be misguided for at least two reasons: (i) even if individual motivations were subjective, as a social fact they gained the virtue of objectivity and the status of a key explanatory variable of the initial design, strategy and sequencing of systemic transformation, (ii) the reviewer apparently underestimates the role of informal institutions (such as e.g., prevalent attitudes, values, motivations and beliefs) as a crucial factor influencing economic processes; in contrast, he overemphasizes to an extreme the importance of foreign capital including the factor of dependency.

7. “Overrating the role of the absence of the domestic capitalist class (‘building capitalism without capitalists’) as a variable explaining the essence of patchwork capitalism”. This is an exaggerated conclusion and a clear polemical device - we do not say that anywhere in the article; instead, we argue that it was one of the essential building blocks in the process of creating patchwork capitalism, which makes up the uniqueness of this socio-economic order.

8. According to the reviewer, “we allegedly argue that the weakness of institutions in Poland, including the weakness of the state, is solely a consequence of the way the reform elites carried out the systemic transformation process”. This plea in turn is a misunderstanding which stems from a misconception of our article – we argue there that many major sources of today’s patchwork are in the (often distant) past. This allegation is most likely due to the fact that the review concerned is strongly biased toward formal institutions while their informal counterparts are ascribed only a secondary role.

9. "We underestimate the role of informal institutions in the process of building capitalism in Poland". Frankly speaking, we record this criticism with some sort of astonishment. It seems to be a derivative of another misperception of our conceptualization by the reviewer – in fact, we devote a significant part of the article to informal institutions, their persistence being a product of a path-dependent pattern of historical evolution and their incompatibility with formal institutions, mainly imported from Western countries. To cut a long story short, actually informal institutions rank among the core building blocks in the whole logic of our conceptualization.

10. Implicitly, "in our conceptualization we also underrate the low stock of social capital in Poland" which – according to Marek Garbicz – ranks among the key determinants of the weakness of state's institution in the country. Again, we ought to stress that this plea (even though being implicit) is unfounded. It is worth pointing out in this context that Marek Garbicz only mentions the low level of social capital in Poland in most general terms, without going deeper into its composition and the relative size of each of its three types, i.e., bonding capital, bridging capital and linking capital. For us, such a general statement is insufficient. There is vast empirical evidence showing that we have a relatively large stock of bonding capital in Poland, while there are significant shortages of the remaining two types of social capital. We discuss these themes in more detail in the article as we believe that social capital and its composition has played a significant role in the formation of patchwork capitalism. Here we disagree with Marek Garbicz – the role in question was not confined to just the vertical dimension, as a determinant of a weak state (low level of linking capital); in our view, it was much more comprehensive and encompassed both the vertical and horizontal dimensions (in particular – small stock of bridging capital) thus making Poland a 'low-trust society' [Fukuyama 1995].

11. Summing up all foregoing pleas, "the reviewer discards our concept and claims that Polish capitalism is not an institutional patchwork", but a case of semi-peripheral dependent capitalism with a weak state.

Here we have the quintessence of Marek Garbicz's way of thinking – in his view, there are no viable alternatives to the DME concept that would be capable of explaining the essence and most salient features of Polish capitalism. We strongly disagree with the first part of his conclusion. Nevertheless, we share the second part of his insight, though we do not absolutize it – the ideas of a semi-peripheral dependent market economy and patchwork capitalism are not mutually exclusive. In our view, they are complementary – some dependent, (semi) peripheral market economies may simultaneously exhibit patchwork features (in our conceptualization we reserve the label of patchwork capitalism to Poland and selected CEE countries), including

the lack/weakness of the institutional fabric and the pervasive mismatches in the institutional architecture. As we phrase this in the Abstract of our article: “ (...) we argue that patchwork capitalism ought to be conceived as a new, distinct research category in comparative studies on Post-Communist capitalism. Our intention, however, is not to replace the existing typologies of capitalism in CEE11 countries with a new one; rather, we aim to complement and ameliorate them through pointing to a new, peculiar dimension of capitalism, mostly neglected in the hitherto research” [Gardawski, Rapacki 2021].

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In the last part of this text, we will point to selected “fallacies in the reviewer’s own argument” which weaken his case and make his criticism even less convincing. In particular, three such fallacies are worth mentioning.

First, with a view to support his claim that the process of capital reproduction in Poland was predominantly geared towards the interests of TNCs, the reviewer provides statistical data (pages 41-42) showing the share of foreign capital in the Polish economy (GDP, employment, etc.). However, he does not specify which period these data refer to. By the same token, his argument may be criticized for being static and ahistorical – the data quoted show the situation at a certain point in time, but do not provide a basis for assessing short-term changes and even more so - long-term trends.

Second, in the same line of argument, Marek Garbicz asserts that Polish enterprises/TNC subsidiaries in Poland are at the very bottom of the value chain in the global economy and specialize mainly in low value-added products. This sounds again like an overly strong conclusion which oversimplifies the reality. This conclusion sharply contradicts the findings of other empirical studies (e.g., Weresa et al., various years); at the same time, it is inconsistent with the very DME concept developed by Nölke and Vliegenthart [2009], as well as with the typology put forward by Myant and Drahokoupil [2011], who allocate Poland and the Visegrad countries to the category of “FDI-based (second rank) market economies”, specialized in the production of medium and medium-highly processed products for the needs of TNCs.

Third, the author of the review apparently overrates the level of institutional development of the Polish economy (“The Polish economy, being fully equipped with capitalist institutions of the 21st century [...]” – page 42). This is also a too strong and groundless statement that calls for a number of comments.

- (i) The reviewer does not provide any proof that the full set of modern institutions of 21st century capitalism has been built in Poland. At the level of a simple logic, it would be surprising if this were the case in a country that – according to Garbicz’s

own argument developed in his article – embodies the category of a dependent (semi) peripheral economy, for several reasons. The first logical premise for a disbelief in this regard is the fact that - seen from the perspective of long duration - countries of the periphery (with special reference to the CEE region) proved unable to build effective state and system of coherent and efficient institutions [Braudel 1999; Wallerstein 1974]. Secondly, as a derivative they used to imitate for centuries the development patterns established in the 'core' Western countries including mass-scale imports of institutions [Szücs 1983; Krastev, Holmes 2018]. Thirdly, in the historical process of transplanting well-functioning institutions from the core countries, these tended to be redefined and/or distorted in the periphery and often served different purposes compared to their original objectives [Szücs 1988]. Fourthly, the fact of being 'inferior copies' of the 'core' made the (semi) peripheral countries subject to "invisible dependence" [Said 1978; Sztompka 2005]. This form of dependence consisted, *inter alia*, in cultural subordination, reflected in the inability of these societies to autonomously shape their own *habitus* [Bourdieu 1984], and in their self-perception as *subalterns* [Spivak 1988], i.e., as subjects incapable of creating symbolic values, or normatively shaping social reality. Finally, if seen through the lens of the theory of internationalization via internalization of competitive advantage [Coase 1937; Dunning 1980; Rugman 1981; Rapacki 1986], it may be inferred by analogy that – as in the case of TNCs who used to transfer only the second- or third-newest technologies to their foreign subsidiaries in less developed economies – a similar pattern might have applied to the exports of institutions from the "core" to "periphery" (particularly "managing, directing and regulating" institutions aimed at transaction costs minimization [level III in Williamson's diachronic scheme]).

- (ii) More importantly, even if such "state-of-the-art" institutions have been built, they were transplanted from various models of contemporary Western-type capitalism which implies their incompatibility.
- (iii) Moreover, Poland (and other CEE countries) is also endowed with formal institutions carried forward from earlier socio-economic orders, including socialism (e.g., perpetual lease or the code of administrative conduct of 1961), which make the prevailing institutional architecture even more inconsistent.
- (iv) The reviewer appears to neglect the significance of poor social embeddedness of formal institutions and a remarkable mismatch between the former and informal institutions of long duration inherited from the past, in particular the path-dependent value patterns and behavioral norms, which have survived in a latent form until early 1990s and have displayed a strong persistence ever since.

Summing up our reaction to the critique by Marek Garbicz, we are genuinely grateful to the reviewer for at least two reasons. In the first place, after having passed a severe “stress test” we stay convinced that our conceptualization of patchwork capitalism does represent a distinct research category and adds a new value to the multi-causal explanation of a complex, multidimensional essence and unique institutional traits of the new socio-economic order that emerged in Poland and selected CEE countries. Hence, if our view it does fit – *inter alia* – the Polish case provided it is interpreted in terms of an ideal type (which was our explicit intention in the article concerned) rather than an empirical generalization (or Weber’s average type). As a result, we believe that the idea of patchwork capitalism in the CEE region is worth further amelioration and fine tuning. Secondly, while looking ahead to our prospective research agenda in this area, we are particularly obliged to the reviewer for sensitizing us to some aspects of our conceptualization which were insufficiently covered/ emphasized and which apparently need rephrasing, restructuring and/or reemphasizing if our message is to be more persuasive. This postulate refers especially to the relationships (complementarities) between the idea of a dependent semi-peripheral economy and the concept of patchwork capitalism, power relations within MNCs and their transmission on the policy making in host countries including the design of formal institutions and business regulation.

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