

Capitalism and Morality

RESIDENTS OF POLAND BOTH VALUE, PRACTICE FREE ENTERPRISE

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It is not difficult to understand why Americans in general have such little understanding of the science of economics. American education, especially higher education, has little respect for economics as a science. Unlike the high regard in which American educators hold other social/behavioral sciences, such as psychology, sociology and multicultural studies, it is hard to find an American professor, outside of a business/economics department, who has knowledge of and appreciation for even some of the fundamental principles of economic science.

Maybe this is because the other social/behavioral sciences have agendas which conform to the political agendas of most professors. Economic science, however, typically exposes the serious flaws in socialist and other sorts of collectivist approaches to economics.

Whatever the reason, American educators tend simply to ignore the basic scientific principles of economics in favor of promoting their ideological moralizing about the “evils” of free-market capitalism, which necessarily reward the “haves” and oppress the “have-nots.”

I offer these observations because of their stark contrast with what I recently learned about Poland. This Spring I taught a post-graduate course in political economy and business ethics in Poland. Very many of the Poles I met, professors, students, and people in shops and restaurants, were well-versed in the principles of free-market economics. There were, of course, some Poles who cling to versions of communist or socialist ideology and who treat economics more as politics than as science. Overall, however, I was duly impressed by the Poles' practical knowledge of free-market economics.

As a people in general, the Poles have cultivated a habit of enterprise. They are fully aware that personal freedom and civil liberty can best flourish only within a free-market economy. They know the importance of being prudent stewards of money, so savings, self-denial, entrepreneurship and self-reliance are chief values. They are committed to their immediate and extended families, and recognize that it is their responsibility, not the government's, to support their families.

Though there are probably numerous historical reasons why the Poles have such values, the many decades they endured the rule of Soviet communism no doubt reinforced their values. In spite of Soviet hegemony, the Poles maintained a kind of “shadow” free-market economy through which they exercised and strengthened their values.

After the collapse of the Soviet empire, Poland's success in the 1990s with its transition to a free-market economy was remarkable. It was perhaps the most successful of any former Eastern-bloc country. The Poles' values were certainly a major factor in its success.

Their appreciation for the ways the free-market allows for personal freedom and civil liberty was profound. Unlike some other Europeans, the Poles had and still have a genuine respect for the United States and our free-market capitalism. In fact, one of my graduate students told me about an expression many people used in the 1990s. If someone worked hard and saved money to be able to move into a new, better apartment, for instance, his or her friends upon seeing the new place would commonly exclaim, "Its America!"

Today, however, it is the Poles' values and knowledge of economics which lead many of them to be wary of Poland's membership in the European Economic Union (EEU). Although their economic growth has slowed somewhat since the 1990s, their national economy remains relatively strong. The private sector accounts for over two-thirds of Poland's Gross Domestic Product (GDP). During the first quarter of 2006, their GDP rose by 5%, and their industrial output in 2005 increased by 10.1%. Many see Poland as Europe's most favored investment location. But there are serious problems: unemployment is at 17.2% and aspects of their infrastructure, especially the highways, are sorely inadequate and dilapidated.

Many worry that the EEU's heavy-handed, socialist-type regulation of commerce will stunt Poland's free-market economic growth. In particular, they are concerned about the euro. Like the United Kingdom, Poland uses its own national currency, the zloty , but various government officials project a move to the euro in 2009. With their economic savvy, the Poles are afraid that implementation of the euro will cause high inflation and a decrease in foreign, especially US, investment, as it did when Italy switched from the lira to the euro.

Many Poles also perceive the EEU as being dominated by Germany and primarily serving Germany's national interests. They even sarcastically call the euro, the "teuero," a play on the German word "teuer" which means "expensive."

Poland faces many economic challenges in the coming years. However, with their values, their practical understanding of the scientific principles of free-market economics, and their demonstrated ability to resist socialism and communism, Poland certainly has the "capital" to meet successfully those challenges.