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*Б. Балеvский***МОДЕРНИЗМ И ПОСТМОДЕРНИЗМ В ИССЛЕДОВАНИИ РЫНКА
ТРУДА**

Аннотация: статья посвящена комплексному исследованию явления модернизма и постмодернизма в исследовании рынка труда. Автор статьи обращает особое внимание на необходимость более детального изучения рынка труда и понятия борьбы с безработицей.

Ключевые слова: модернизм, постмодернизм, рынок труда, безработица.

*B. Balewski***MODERNISM AND POSTMODERNISM IN RESEARCH ON LABOUR
MARKET**

Abstract: the article is devoted to a comprehensive study of the modernism and postmodernism phenomena in labor market research. The author of the article focuses on the necessity of more detailed study of the labor market and the concept of combating unemployment.

Keywords: modernism, postmodernism, labor market, unemployment.

Modernism and postmodernism in research on labor market, unemployment and unemployment counteraction

To enable a thorough understanding of the changes on the labor markets it is reasonable to divide last few centuries into: premodernism, modernism and postmodernism. Such sequence was based on the idea of “(...) instrumental rationalism (as Max Weber called it) or as Karol Marks conceptualized, fundamental role of economy (...) [Bauman Z. 1988, trans. Kunz T. 2006, p. 10].

The outcome of premodernism was a range of cultural limitations on enterprise. Modernism created a new order that is characterized mainly using «indifferent» economic categories. During that period, deriving from deep faith in the availability

and the triumph of «humanistic project», the search for the rules «that will catch» and grounds that «will not move» was started and has been continued till today [Bauman Z. 1993, trans. Bauman J. 1996, p. 8]. New foundations have been used and still are used to build new liberal, basically anarchistic systems, consisting of subsystems, which are built of other subsystems, and they in turn are constructed of different supposedly negentropic systems [Bauman Z. 1988, *op. cit.*, p. 10].

Postmodernity allows to leave behind «the extreme», inappellable, irreversible, endless solutions. It moves away «perfection that does not require corrections» based on atrophied human freedom [Bauman Z. 2010, trans. Kunz T. 2010, p. 182–183].

All of perspectives of reality perceptions are still vivid. Accepting an assumption about the existence of symbolic dates, constituting an interval in history of humanity, is a fallacy as for the fact that there are still people living next to one another who embody the traditions of premodernism, modernism and modernity. Their activities are visible on all markets, including labor market. Such coexistence of history perspectives is also visible in the actions that are leading to scientific research on the phenomena that occur on this market and the counteraction as well. What is more, a constant failure of epistemology is observed when competing with other disciplines. Unfortunately, as has been mentioned before, it excludes a possibility of predictive function of research carried out in modernism and foregoing part of postmodernism. An essential economic doctrine of modernity is a set of theories conventionally called neoclassic school or the school of R. Dornbusch, S. Fischer and P.A. Samuelson.

Economists of neoclassicism, in cognitive activities base on the assumptions including the rationality of all business entities, the existence of perfect competitiveness, presence of a market-based mechanism that allows unrestrained demand and supply shaping, connecting the price with the amount of money on the market and the speed of its circulation in the economy; taking advantage of production factors to maximum extent, which results in meeting the demand for all goods offered by the manufacturers. To justify the «invented laws» and to build economic models, they use mathematical formulas uncritically, they «hide essential ephemeral contents of arguments behind impressive algebraic symbols (...)» [Sedlacek T. 2012, p. 307].

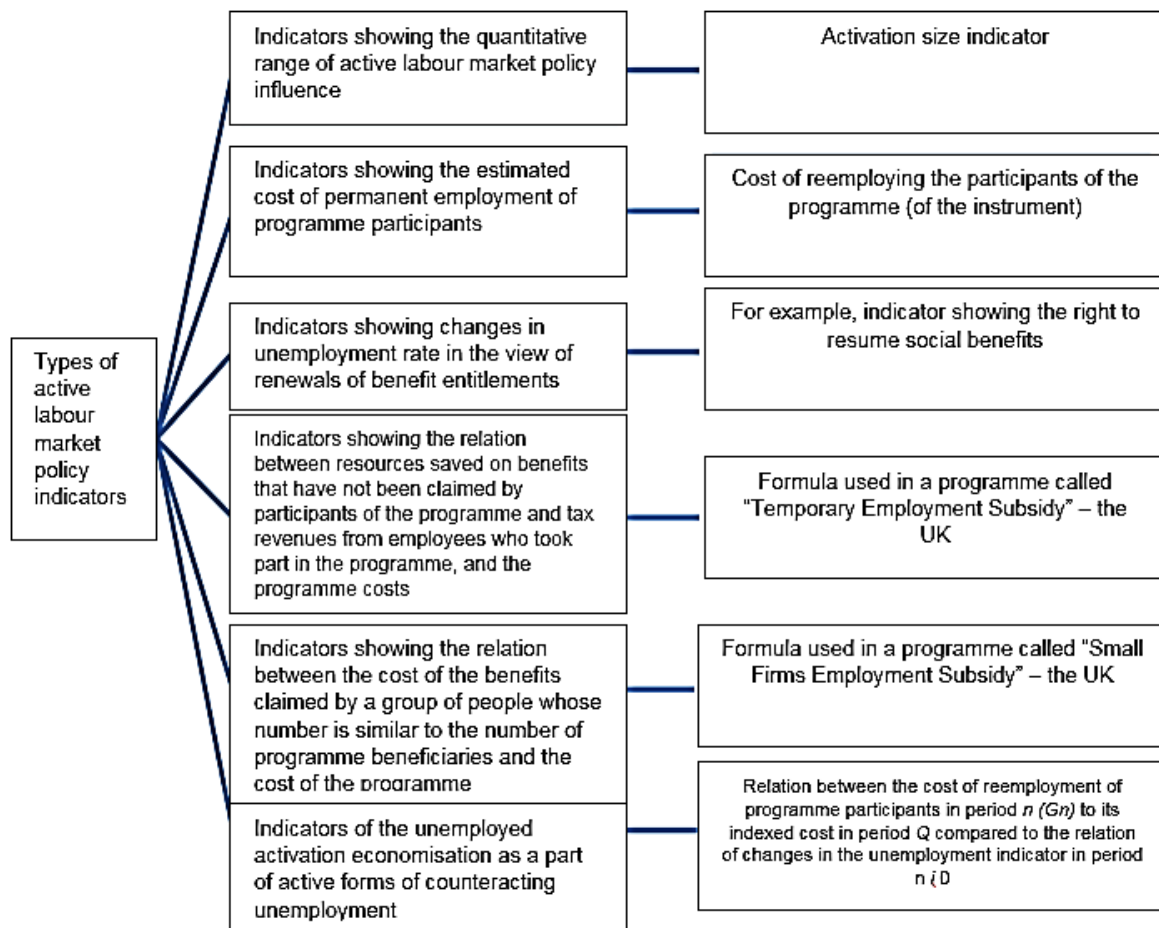
As assumption about exploiting production factors to maximum extent which is visible in meeting the demand for all generated goods, showing the direction and dynamic of market processes, determines modernistic search for subrules describing markets, including labor market. Furthermore, it implies the pursuit of achieving an optimal effectiveness of systems (markets) together with subsystems and the effectiveness of possible interference in their inside, achieved within economic policy [Balewski B. 2014, p. 887; Balewski B. 2011, p. 14].

Regardless of epistemological discoveries, neoclassical economists tend to believe in alleged objectiveness of knowing which could be seen in defining the labor market. Neoclassical literature defines labor market as an area of performance or sphere being subjected to further division where people report the demand for the services together with social and mental elements. The price for the service is agreed during negotiation process between two parties. The supply party is represented by the workers, the unemployed and their representatives- mainly trade unions. The demand party is represented by enterprises, non-profit organizations and institutions aggregating demand and shaping current and future quality of work supply [Balewski B. (2006), Jarmołowicz W., Knapińska M. (2005), p. 13, 41–43; Barro R.J. (1997), p. 174; Rothschild K.W. 1993), p. 5; Wilczyński W. (2000), p. 17]. Multiplicity of parties, activities and phenomena constituting the existence of labor market, leads to permanent chaos

that results in e.g. unemployment. Minimalization of the entropy on labor market in modern economy mainly thanks to «an invisible hand» or thanks to, as only few representatives of this school accept, government's interference in labor market. The concept of government's interference is achieved within national employment policy and effective labor market policies. The complexity of unemployment does not work in favor for the effectiveness of activity which aims at precluding its occurrence [Pszczolowski T. 1978, p. 196].

The extreme form of counteracting the issue of being out of work which is a complete elimination of unemployment is even more difficult. However, in modernistic, mainly neoclassical vision of economy has been a continuous pursuit of effective

employment policy and active and passive labor market policy. In order to achieve the highest rates of the effectiveness in the economy, including employment policy rates and labor market policy rates, modern researchers have been searching for the meaning of this notion category (incl. Balewski B. 2006) (Drawing 1).



Source: Balewski B. (2014), p. 890

Drawing 1: Types of labor market active policy effectiveness indicators

The quest of the author, drawing from the idea of conceptual history by Reinhart Koselleck, refers, in measuring the effectiveness level of the state intervention in the labor market, to the ancient sources of the effectiveness concept. As a result to the terms: thriftiness or effectiveness as well as generating the indicator of economization activation of the unemployed.

Table 1.

Level and cost of professional activation of the unemployed in Mogilno District in the years 2006–2007 and effectiveness of the District Employment Office in Mogilno in 2007

No	Activation form	People employed in 2006	Financing 2006	People employed in 2007	Financing 2007	Effectiveness in 2007
1.	Trainings	115	120100	249	85000	63%
2.	Assisted employment (intervention works)	293	915047	98	713886	- 165%
3.	Internships	135	298745	103	936357	- 367%
4.	Community service	24	45155	6	39630	- 299%
5.	Professional training	77	251256	31	345397	- 288%

Source: M. Bochenek, *Effectiveness of Counteracting Unemployment in the Mogilno District in the Years 2004 – 2007*, unpublished M.A. thesis, supervisor: B. Balewski, University of Humanities and Economics in Łódź, Łódź 2008, p. 47 and M. Bochenek, *Effectiveness of Counteracting Unemployment in the Mogilno District in the Years 2004 – 2007*, unpublished M.A. thesis, supervisor: B. Balewski, University of Humanities and Economics in Łódź, Łódź 2008, p. 49

In drawing on the assumptions of neoclassical economics «objective presence of» the essence of the effectiveness of combating unemployment and its determinant the author noticed, however, that the policy seems to be sometimes impressive but rarely effective (table 1) [Balewski B. 2015a, p. 335]. In all probability because the level of its effectiveness is not a category independent of the knower, on the contrary, it depends only on the perspective of the researcher who gets to know it takes a priori assumption: „(...) under the same circumstances (ceateris paribus), unables to (...) search all – and concerning all – consequences of a concrete policy(...)” [Hazlitt H. 1962, p. 11] as well as activity.

A peculiar duel between subjectivity and objectivity in the methodology research of economic phenomena, including phenomena in the labor market area is also visible in the other modernist economic doctrine.

Besides the mainstream, there are also economic schools (doctrines) that have the established methodically different vision of the economy and processes taking place in the markets, including the labor market. Among the schools outside the mainstream historians of the economic thought point out mainly three schools. These include: neoinstitutionalism, known also as the evolutionary school, Swedish economy and Austrian school (neoaustrian) [Stankiewicz W. 2007, p. 374].

The emergence of the neoinstitutional doctrine was preceded by grounding out on the novelty of American science, the doctrine of social Darwinism and the concept known as cultural anthropology and philosophical aspect called pragmatism. Its occurrence was conducted by the education of Richard Theodore Ely, and Edwin Robert Anderson Seligman – precursors of the mainstream – in German universities according to the canon of the historical school. However, Thorstein Bunde Veblen (1857–1929) is considered to be the creator of the original institutional social economic system. The essential element of this system is the institution understood as the formulaic customarily way of regulating life processes of the society in relation to the material environment in which a human exists [Stankiewicz W. 2007, p. 224]. The institution as never unsuited to the present, remnant of the past, is the result of the occurrence of the tendency among people (*workmanship*), pure curiosity of the knowing (*idle curiosity*) and avarice (*acquisitiviti*) [Veblen T. 1898, p. 373–397, *reprinted*]. The first imitators of *Veblen's* beliefs, including Wesley Clair Mitchell (1874–1948) and John Rogers Commons (1862–1945), gaining the statistic materials pointing out on the cyclicity in the functionality of institutions, among others, indicated the development-oriented role of state intervention in the operation of institutions [Commons J.R. 1924, p. 86].

The further imitators of Veblen's beliefs, including Allan Garfield Gruchy (1906–1990), Clarence Edwin Ayres (1891–1972), Geoffrey Martin Hodgson and John Kenneth Galbraith, performing the specific reminder as well as reconstruction of the doctrine, they created a trend called neoinstitutionalism. Its representatives continually strive to create a separate paradigm of economics.

Their paradigm, known also as the sample model (*pattern model*), allow an economist, who as the representative of the concrete culture and the concrete value is not the neutral and objective viewer of reality, to pay attention on relations between parts and the whole, search the coherent unity of phenomena and follow the social evolution process [Stankiewicz W. 2007, p. 386].

Modern explorations of the relation between humans' activities and the way of organizing the institution, are particularly evident in the results of the works Hernando de Soto – a Peruvian economist, an author of books, inter alia, *The Other Path* (1986) (*Inny szlak*, Polish publishing 1991) and *The Mystery of Capital* (2000) – (*Tajemnica kapitału*, Polish publishing 2002) as well as the creator of the Institute for Liberty and Democracy – 1980 (Instytutu Wolności i Demokracji). In the epistemological dispute between subjectivism and objectivity, most likely, without the profound reference to gnoseology, representatives of this doctrine advocate directly for the subjectivity of knowledge. On its subjectivism they build, nevertheless, the theories connected with the entirety. It may be associated with making the methodological mistake *petitio principii* – vicious circle, since you cannot generate universal statements by sanctioning the individualism of knowledge in the same range as knowledge that was made.

Another contemporary marginal school, known mainly due to the practical activity or scientific one of its main representatives, is the Swedish school, called the Stockholm school. The doctrine was created by the liberal economist Knut Wicksell. The continuator of the idea at the beginning of 20th century was his student – Karl Gustav Cassel (1866–1945), the author of *The Theory of Social Economy by Gustav Cassel* (translatin. S.L. Barron, B.Sc. (Econ.), Now York 1919). The name «Swedish school» was propagated by the winners of the Nobel Prize from the economics: Gunnar Karl Myrdal (1898–1987) and Bertil Gotthard Ohlin (1899–1979). By justifying the allocation of the Swedish Bank Award named Alfred Nobel in the economics field to Gunnar Karlow Myrdalow, in 1974 (together with F.A. von Hayek), its insight analysis of the interdependence of economic, social and institutional phenomena was emphasized. By awarding 1977 Bertil G. Ohlin, noticed, however, its milestone input in the international trade theory and international capital flows. Erik Filip Lundberg (1907–1987)

also belonged to the representative of the Stockholm school. He was the member of the Nobel Committee and the practicing activist of the economic circle. The main after war representatives of the Stockholm school influenced on the development of the prosperity state in Sweden. Socialdemocratic economists from the Swedish school indicated the need of the state activity in the economy and they emphasized the meaning of the public sector. The idea *welfare state* encountered and has encountered, nevertheless, with expressions of multiple criticism. Milton Friedman (1912–2006) and Fritz Machlup (1902–1983), among others, belonged to the contemporary critics of the concept of the capitalist state with the highly developed state intervention. Their criticism was mainly based on pointing out the imperfections of the substantive aspects, not methodological ones. Although this dimension of the representatives actions of the doctrine is not free from defects. The most important of them should be correlating interdependence of factors, even those occurring accidentally.

A critic of Swedish school – Fritz Machlup – was simultaneously a representative of Neoaustrian school that grew on the assumptions of the Austrian school (Viennese). It was the another from the marginal economic doctrine, rooting till the achievements of, among others, Jean-Baptiste Say'a i Claude'a Frédéric'a Bastiata.

This philosophical-methodological concept was created Carl Menger (1840– 1921) together with his students. This group was filled by, inter alias, Friedrich von Wieser, Eugen von Böhm-Bawerk, Emil Sax, Eugen Philippovich Freiherr von Philippsberg. For Polish followers of the Austrian school Włodzimierz Aleksander Czerkawski, among others, might be included.

The flourishing of the Viennese school known also as the new Viennese school was activated mainly by the scientific action of Hans Mayer (1879–1955), Ludwik von Misesa (1881–1973) and Friedrich August von Hayek (1899–1992). Continuators of the thought of the great promoters and creators of the new Austrian school are, among others: Israel Kirzner, Fritz Machlup and Henry Hazlitt. All representatives of the Vienna school contributed to strengthen and publicize its main principles and characteristics. The concept of the Viennese School is based on the principles of methodological subjectivism, methodological individualism and the principle of anti-

empirism and apriorism. Masters and students together emphasized and have stressed that the main determinant of economic and social phenomena is a group of subjective factors, such as individual (subjective) value system [Mises L. von 1949, 1963, 1966, 1996, translated. Falkowski W. 2005, p. 4], knowledge, needs and beliefs of individual perpetrators of market activities and superstitions [Hayek F.A. von 1960, *op. cit.*, p. 40–42 and 71–75].

Revealing the essence of the principle of methodological individualism, it should be emphasized that Ludwig von Mises, arguing the need for further use of this rule, pointed out that the establishment of the advisability of individual action is an absolute preliminary issue to explain the whole behavior, which constitutes the synthetic *a priori* assumption. He indicated that society is realized only in the operation of the unit – Ego – „(...) is the single acted person. Ego is given in the undisputed way: it cannot be blurred or gotten rid of by reasoning or verbal gimmicks. «We» is always the result of the addition, which elements are two or more «Ego». If one says: «I» the further questions are not needed to make the sense of this speech. The same is related to the word «You» and also – as it is known precisely which person is taken into account – the meaning of «He». However, when one says «We» we need more information in order to establish who Ego are that create «Us» (...)” [Mises L. von 2005, *op. cit.*, p. 47]. The essence of the two main principles of Viennese, was precisely explained by F. von Hayek, in *The Freedom of the Constitute*, they mention: (...) The political philosopher cannot fulfill his tasks if he limits to practical issue and is afraid of choosing between conflicting values. He might not stop on rigors of the scientist positivism who limits his functions into explaining the existing state of affairs and he does not allow to discussion that should exist. If he acts like that, it will be far from accomplishing his main role (...)” [Hayek F.A. von 1960, *op. cit.*, p. 40–42 and 71–75].

Both the old and the new Austrian school shun from the mathematical modeling of economic phenomena. Proponents of the doctrine, proving the relevance of methodological approach, stress that: „(...) the economy does not use the methods of the logic and mathematics. It does not build the whole system of clear apriori argumentations without reference to reality. If it introduces to its reasoning the assumptions it is enough

that they help to understand the reality. In his treatises and discourses he does not introduce a clear distinction between pure science and the use of its claims to the solution of specific historical and political problems. In order to present the results of his research he takes the form, in which a priori theory and interpretation of historical events are linked (...)” [Mises L. von 2005, *op. cit.*, p. 69].

By preferred policies Viennese transfer to people a number of practical economic tips. They show, among others, the existence of variability of thought and human activity throughout history and they associate with this operation the generation of exchange resources including money [Mises L. von 2005, *op. cit.*, p. 43].

They show, too, that a state of equilibrium which gives the greatest amount of satisfaction is achieved when the marginal unit purchased goods bring the same satisfaction, so that they have the same marginal utility.

Viennese inform the participants of the exchange markets about the possibility of concluding four types of agreements with banks, including lending (latin *Commodatum*), the *mutuum* agreement (interchangeability of good for good), the storage (the deposit; storage of diverse subject without a transfer of ownership) and the «incorrect» deposit (storage of the homogeneous object without transfer of ownership, return on demand) [Huerta de Soto J. 2009, translation Łuczkiwicz G. 2011, p. 1–4]. They also point on the basis of the example of Menger's accounting theory, also known as the theory of imputation or attribution (*Zurechnungstheorie*) [Wielka Encyklopedia PWN 1965, t. 1, p. 480], that the strategic good of the first row (consumptive) was produced with the help of the goods of the further row (mainly work, but later also the rest of classical factors of production) and the elements of nature (land, capital) [Rothbard M.N. 1962, translation Rudowski R. 2007, t. 1, p. 165]. The possible lack of goods from the further row contribute to a reduction of production, i.e. loss in the value of the first row produced good. On the basis of the estimated loss of consumer goods (including substitutes) the value of the missing good of the further row can be calculated then [Taylor E. 1958; O. Lange 1961]. *Zurechnungstheorie* is therefore the fundamental concept for the development of the Polish labor market because the work is the good of the further row needed only for executing the goods of the first row.

Most likely the neoaustrian doctrine is the closest to the epistemological complex theory. This doctrine seems also to be the nearest to the postmodernity idea – the period whose location is unavailingly searched in «post» modernity. (...) «Post» in the word «postmodernist» does not have the chronological meaning (...)” [Bauman Z. 1993, *op. cit.*, p. 8 and 17]. The wave of «smooth modernity» did not sink the modernism. Its appearance is connected only with engendering of the conviction, (...) that long-term and reliable modern efforts were misguided and doomed to failure, that they also were based on a misunderstanding and sooner or later had to run out without having fulfilled the task that they had set (...)”[Bauman Z. 1996, p. 17]. The appearance of the «fluent modernity» points out, additionally, that the methodology of the «modern» research, including, economic research, might be charged with a mistake. Because by adopting of the beginning of the research from the foundation of the study problem, it limits the freedom of the understanding act, reduces, and often even weeds out the undefined impulse – passion, ushering a specific knowing behavior, that creates the opportunities and concepts needed for the optimal analyze and explanation of the studied phenomenon [Feyerabend P.K. 1975, 1988, 1993, transl. Wiertlewski S. 1996, p. 25]. The modernist order of the knowing processes should be therefore a substitute for the theoretical (knowing) anarchism and the glorification of the rule *anything goes* together with its practical implication depending on, inter alia, searching the facts instead of the rules and the usage of critical self-reflection, based on a pursuit of knowing everything that was, together with the simultaneous link to what is now.

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