Notes

1. The World, Words, and Meaning


8. The author of the present work joins with other authors in considering the lessons to be learned from the Polish transformation—what worked and what didn’t—and its applicability for other countries in the process of complex


18. Christopher Andrew and Vasili Mitrokhin state that the KGB managed to place no fewer than 1,980 articles in the Indian press in 1976, and 440 in the Pakistani press in 1977. These are only examples of a form of information manipulation that was practiced universally and, of course, by both sides during the Cold War. *The World Was Going Our Way: The KGB and the Battle for the Third World* (New York: Basic Books, 2005).


2. How Things Happen

3. Tobias Buck reports in an article dated March 5, 2007, that “The European Union’s economic development is only now reaching the level achieved by the US more than two decades ago. . . . The US reached the EU’s current level of gross domestic product per capita in 1985, according to [a] report by Eurochambres, the pan-European business lobby.” “EU Economy Is 20 Years Behind US, Says Study.” http://www.ft.com/cms/s/0/9ebc7f02-cb3e-11db-b436-000b5df10621.html (accessed July 31, 2009).
4. The Fespaco (Festival Panafricain du Cinéma et de la Télévision de Ouagadougou) has been organized in Burkina Faso every two years since 1969, and has become a cultural event of significance for the whole continent and an engine for the emergence of the young African cinema onto the world scene. At the twentieth anniversary festival in February-March 2007, the Nigerian film *Ezra* by Newton Aduaka won the grand prize, the Yenneng Golden Mustang. The film recounts the fate of a boy soldier in the Sierra Leone civil war, which has left the country one of the poorest in the world, with a per capita GDP of about $900 by purchasing power parity, which equated to a mere $200 at the exchange rate in 2007, enough to pay for one night’s stay at the best hotel in the war-ravaged country’s capital, Freetown.
7. Purchasing power parity, or PPP, is frequently used in international comparisons. It takes account of the wide differentials in price structure and level as a way of indicating the amount of goods and services that can be purchased in the local currency. For instance, if the same representative “shopping basket” of consumer goods could be purchased in China for 2 yuan as could be bought with $1.00 in the U.S., then $1.00 would be worth 2 yuan by PPP, rather than 8 yuan by the official exchange rate. This example is close to reality, since the GDP of China calculated by PPP is about four times higher than when it is calculated by the official exchange rate. The Chinese GDP is in fact equal to 78 percent of that of the E.U., instead of 18 percent by the official exchange rate. In the case of Poland, the ratio is about 1.5 to 1.

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4. Tango na głos i orkiestra [Tango for vocal and orchestra], words and music by Grzegorz Tomczak, vocal by Maryla Rodowicz, Antologia 3 (Polygram Polska, 1996).
5. The queen’s award of a knighthood to Salman Rushdie led to international tensions, even between such allies as Pakistan and the U.S. Rushdie is the author of the controversial The Satanic Verses (London: Viking, 1988), which led to the subsequent fatwah by orthodox Islamists calling for his death. The Iranian authorities lifted the fatwah in 1998, but the affair flared up again when Rushdie reappeared on the international scene, now as Sir Salman, in June 2007.
7. Angus Maddison, The World Economy: A Millennial Perspective (Paris: OECD, 2001). This is the most frequently cited study of estimated output changes over the last 2,000 years. Maddison estimates per capita GDP in Western Europe in 1000 CE at about $400, which was $50 less than a thousand years earlier. The estimate uses 1990 prices. If the intervening inflation is taken into account, these values would be almost $710 and $800, respectively, at 2007 prices.
8. Some people think that the inhabitants of India are “Indians,” who are also sometimes erroneously referred to as “Hindus.” Hindus, regardless of where they live, profess the world’s oldest religion, Hinduism; there are at least a billion of them.
9. There were about 300 million people in the world in 1 CE and about 310 million in 1000 CE, according to estimates by John D. Durand, Historical Estimates of World Population: An Evaluation (Philadelphia: University of Penn-

10. Our great-great-great-grandfather is our grandfather’s grandfather’s grandson, and our great-great-great-grandson is our grandson’s grandson.


12. The indicator for economic growth, in conformity with the methodology and nomenclature used in International Monetary Fund statistics, includes 15 European countries: Albania, Bulgaria, the Czech Republic, Croatia, Estonia, Hungary, Lithuania, Latvia, Macedonia, Malta, Poland, Romania, Slovakia, Slovenia, and Turkey. Malta and Turkey are usually not considered to be part of “East-Central Europe.” On the other hand, it does not include the European members of the post-Soviet CIS—Belarus, Moldova, and Ukraine—despite the fact that these countries are clearly part of East-Central Europe.

13. In these estimates, Western Europe means the twelve of the fifteen highly developed old members of the E.U. that belong to the eurozone. This excludes E.U. members Britain, Sweden, and Denmark, as well as Iceland, Norway, Switzerland, and the statistically insignificant Andorra, Liechtenstein, Monaco, and San Marino. This does not affect the statistical picture, since these countries have GDP rates similar to those of the E.U. members. From 1998 to 2007, the rate of GDP growth in Britain, at 2.4 percent, was 0.6 percent higher than that in the eurozone at the exchange rate. This means that the GDP growth in Western Europe as a whole was about 0.1 percent higher.


15. On the meanderings of economic development in Eastern Europe as compared with Western Europe, see Ivan Berend, History Derailed: Central and Eastern Europe in the “Long” 19th Century (Berkeley: University of California Press, 1997), and An Economic History of Twentieth-Century Europe: Economic Regimes from Laissez-faire to Globalization (Cambridge: Cambridge University Press, 2006).

16. These data are expressed in purchasing power parity at 2007 prices, assuming that they are about 75 percent higher than the 1990 prices used by
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17. This is the title of the lovely book by Lapierre, which served as the basis for the later, less-than-lovely film adaptation. A major character in the book is a Catholic priest from Poland, Stephan Kovalski, but his place is taken in the film by an American nurse, and not because of some possible association with Mother Teresa, but rather for commercial reasons. Dominique Lapierre, *The City of Joy* (New York: Warner Books, 1985); the 1995 film is directed by Roland Joffe.

18. So it has been at least since the publication in 1776 of Adam Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations*.


4. Globalization—and Then What?


5. It should be “goods and services,” not “merchandise and services.” Merchandise is the product of human labor intended for exchange (sale) and can be either a good (material) or a service. Therefore, “merchandise and services” is a tautology, because it literally means “goods and services and services.”

6. Karl Marx and Friedrich Engels, *Manifest der Kommunistischen Partei* (London, 1848); the “Communist Manifesto” was first published in German. www.marxists.org


10. Christopher Andrews and Vasili Mitrokhin provide a fascinating account of this historical moment in the second volume of their inside account


19. The CFA franc is used in fourteen countries, including twelve former French colonies, as well as Guinea Bissau (formerly Portuguese) and Equatorial Guinea (formerly Spanish). The total population of the zone is about 120 million. The CFA was pegged first to the franc and, since 1999, to the euro at 1 to 655.957. In fact, there are two separate legal tenders at this peg, the West African franc (XAF) in Benin, Burkina Faso, Guinea Bissau, Mali, Niger, Senegal, Togo, and Côte d’Ivoire, and the Central African franc (XOF) in Chad, Gabon, Equatorial Guinea, Cameroon, Congo-Brazzaville, and the Central African Republic.

20. The East Caribbean dollar (XCI) has been used since 1965 in the eight OECS countries, with their population of 600,000, plus Anguilla and Montserrat. The British Virgin Islands, an OECS country, uses the U.S. dollar. The XCI is pegged at $1 US to 2.7 ECS.

21. Of the twenty-seven E.U. member states, sixteen belong to the Eurozone: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. Slovakia and Slovenia are the only two postsocialist countries in the group. The sixteen countries have a total of some 330 million residents. All the other E.U. members states are under an obligation to join the eurozone upon meeting the strict fiscal and monetary convergence criteria set by the
Treaty of Maastricht. The only exceptions are Denmark and the United Kingdom, which negotiated opt-out agreements. Aside from the CFA, the exchange rates of at least six currencies, including the Pacific franc (XPF), are pegged directly to the euro, and eight others have pegged floats (meaning that their values can fluctuate within fixed bands in relation to that of the euro); wwww.ecb.int.


5. The World As It Is


3. On the methodology used to construct the Human Development Index, as well as the full figures and their components for individual countries, see *World Development Indicators 07* (Washington, DC: The World Bank, 2007) and *Development and the Next Generation: World Development Report* (Washington, DC: The World Bank, 2007).


7. Similarly, the Heritage Foundation features detailed information at www.heritage.org.


11. Official reserve assets at the end of January 2008 were 46.2 billion euros, equal to $68.6 or 167.8 billion Polish zloty.


6. The Withering of Neoliberalism and Its Tattered Legacy


5. One of the most famous curves in the history of economic thought, the Phillips curve, illustrating the inflation/unemployment relation, was sprung upon the world by the New Zealand-born economist Alban W. Phillips in an article published in a British journal in 1958: “The Relationship Between Unemployment and the Rate of Change of Money Wages in the United Kingdom in 1861–1957,” Economica, 25, no. 100 (1958): 282–299.

6. Edmund S. Phelps, Inflation Policy and Unemployment Theory (New York: W.W. Norton, 1972). The announcement of the award of the Nobel Prize emphasized the fact that Phelps’s work had led to a deeper understanding of the relationship between short- and long-term economic policy. Phelps also wrote about optimizing the distribution of national income (global output) and capital accumulation (the so-called golden rule of accumulation).


9. John Williamson coined the term Washington Consensus in the late 1980s. For the theoretical underpinnings and the interpretation of this concept in economic policy, as well as an interpretation of these interpretations by the man who invented the term, see his Differing Interpretations of the Washington Consensus [in] Distinguished Lectures Series No. 17 (Warsaw: Leon Kozminski Academy of Entrepreneurship and Management [WSPiZ], 2005), www.tiger.edu.pl.

10. On the basis of his own experience, John Perkins writes about the deliberate forcing of poor countries into the debt trap and the methods used along the way in Confessions of an Economic Hit Man (San Francisco: Berrett-Koehler, 2004).


13. Then, after the successful implementation of the program known as “Strategy for Poland,” the author of this book for the first time had stepped down from the Polish government. He was deputy prime minister and minister of finance in four governments in 1994–97 and 2002–03.

14. The Dutch researcher Donald Kalff, who also has real-world business experience, dispels the idea that the American model of capitalism and management offers any sort of qualitative advantages and considers the implications of this fact for competitiveness and the growth of production in *An Un-American Business: The Rise of the New European Enterprise Model* (London: Kogan Page, 2005).


21. At the end of 2007, the World Bank shocked and astonished a good many people by revising its previous estimates downward and announcing that the Chinese GDP, by purchasing power parity, was no less than 40 percent lower than previously estimated. This would mean that it hovered in the region of $6 trillion, rather than $10 trillion. The GDP of India was “marked down”
on an even greater scale, which meant that it was not slightly larger than that of Japan, but rather about half as large. This radical rewriting of the estimates did not cast the authors in the best light. How could they have been so wrong? And how could we know that they hadn’t gotten it wrong again? Understandably, GDP according to PPP will always be an approximation, at best. Taking into account all the methodological reservations, I have decided to stick to the original estimates, which seem to reflect reality more accurately.

22. With fertility rates so high in these extremely poor countries (GDP per capita in Niger and Mali amounted to $1,000 and $1,200, respectively, by PPP in 2007), infant mortality below the age of five is 249 per thousand in Niger and 219 per thousand in Mali. By comparison, it is 31 in China and 4 in the most highly developed countries—Finland, Japan, and Sweden. In Poland, it is 8. See Development and the Next Generation (Washington, DC: World Bank, 2006), pp. 292–293.

23. Brzezinski, Second Chance, p. 64.


29. Justin Yifu Lin, appointed chief economist and senior vice president of the World Bank in 2008, is also a member of the Academic Board of the TIGER Research Center, where he has visited and lectured. See Lessons of China’s Transition from a Planned to a Market Economy [in] Distinguished Lectures Series No. 16 (Warsaw: Leon Kozminski Academy of Entrepreneurship and Management [WSPiZ]), available at www.tiger.edu.pl.

7. What Development Is and What It Depends On


8. Stagnation and Development—Institutions, Policy, and Culture


5. The 1996 film explains more about the essence of economic populism, and not only in its Peronist variant, than some scholarly studies of the subject.
6. Elhanan Helpman writes about the meanderings of economic growth and the complexities of its interpretation in a work that is both interesting and accessible to an exceptional degree, the aptly titled *The Mystery of Economic Growth* (Cambridge, MA: Harvard University Press, 2004).


10. The Uncertain Future

5. The members of ASEAN, the Association of South East Asian Nations, are Burma (Myanmar), Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.
6. All but one of the former Soviet Republics are in the loosely affiliated CIS (Commonwealth of Independent States), with the exception of the three Baltic States—Estonia, Latvia, and Lithuania—that have joined the E.U. Georgia left the grouping after the recent military conflict with Russia. The members of the CIS are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.
7. The member states of Mercosur are Argentina, Brazil, Paraguay, Uruguay, and Venezuela. The affiliated members of the associated free-trade zone are Bolivia, Chile, Colombia, Ecuador, and Peru.

8. The members of NAFTA, the North American Free Trade Agreement, are Canada, Mexico, and the United States.


10. The members of ECOWAS, the Economic Community of West African States, are Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

11. In 2007, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka were joined as members of SAARC (The South Asian Association for Regional Cooperation) by Afghanistan.

12. The Cooperation Council for the Arab States of the Gulf (CCASG), usually referred to as the Gulf Cooperation Council, groups together Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

13. The member states of the E.U. are Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. Croatia and Turkey, negotiating their accession, have associated status.


15. Thirty years after the first, best-known work on the resource-related limits to growth, we have a new work by the redoubtable authorial team of Donelli H. Meadows, Dennis Meadows, and Jorgen Andrews, The Limits to Growth: The 30-Year Update (London and Sterling, VA: Earthscan, 2004).


23. In 2001, John E. Bortle, the retired fire chief of Westchester, New York, proposed a system for measuring the darkness of the night sky on a scale of 1 to 9, which has gained acceptance among amateur astronomers. Bortle is a columnist for *Sky & Telescope* magazine, www.shopatsky.com.