

**Martin Dahl\***

SOCIAL MARKET ECONOMY  
AS A MODEL OF POLITICAL, SOCIAL  
AND ECONOMIC REFORMS FOR STATES  
IN THE PROCESS OF SYSTEM CHANGES,  
ESPECIALLY IN THE EASTERN EUROPEAN REGION\*\*

INTRODUCTION

The Social Market Economy is a theoretical model but as a model of social and economic state policy is a subject matter of numerous analyses and research. The attractiveness of the Social Market Economy mainly results from the economic success of the Federal Republic of Germany in the 1950s and the 1960s<sup>1</sup>. Moreover, Germany, divided into two states with different political, social and economic systems for four decades, is an excellent subject of comparative research into effectiveness and efficiency of social and economic systems.

East Germany, under the Soviet Union's occupation after World War II, started a process of building a socialist state with a command economy. At the same time in the western occupation zones, western allies under the leadership of the United States concentrated on rebuilding a democratic

---

\* Martin Dahl – PhD, Assistant Professor at Lazarski University in Warsaw, Faculty of Economics and Management, augwaw@gmail.com

\*\* Artykuł powstał w ramach projektu o nazwie „Niemcy i Polska w wielobiegunowym ładzie międzynarodowym. Strategiczna wizja i potencjalne sojusze” (nr projektu 00340/2015/KJ) współfinansowanego przez Fundację Współpracy Polsko-Niemieckiej.

<sup>1</sup> B. Eichengreen, *Institutions and Economic Growth: Europe after World War II*, [in:] N. Crafts, G. Toniolo (ed.), *Economic Growth in Europe Since 1945*, Cambridge University Press, Cambridge 2002, pp. 38–41.

political system based on a market economy<sup>2</sup>. The process was initiated by an economic and currency reform in 1948 and then the proclamation of the Federal Republic of Germany formed of the three western occupation zones in 1949.

German experience in changing the system seems to be especially valuable for other states because of at least two reasons. Firstly, after the period of dictatorship and socialist economy, Germany managed to build democratic and free market institutions. And secondly, the Central European states made use of the experience in the 1990s to reform their political systems and direct them towards liberal democracy. In this context, one can assume that, for the Eastern European states, the Social Market Economy may be an inspiring model of reform on the one hand, and an attractive social and economic system on the other hand. There are many factors that allow for drawing a hypothesis that the German model of democracy and market economy to a great extent might be useful for social and economic reforms and political changes in the Eastern European states. The factors that are conducive to democratic and free market reforms obviously include cultural closeness, similar historical experience with a totalitarian political system based on socialism and a command economy and, most of all, over 25-year long Central European states' experience in the system transformation, which succeeded in many areas. However, one cannot forget about a difficult geopolitical situation in the Eastern European region, which constitutes the main obstacle to implement reforms following the Social Market Economy model. According to Martin Dahl, Beata Piskorska and Paweł Olszewski, while:

“after the collapse of the bipolar system, the Central European region was successfully ‘incorporated’ into Western Europe, the Eastern states, because of their geopolitical, cultural, attitudinal and mainly economic conditions, turn their attention to both the Russian Federation and the European Union, thus implementing a dual policy depending on the scale of possible benefits or their weakness, especially in relations with Russia and its regional and global policy. In the majority of them, political transformation has lost impetus and a democratic system has been only partially introduced, or the process has been reversed and has led to the establishment of new authoritarian regimes”<sup>3</sup>.

<sup>2</sup> Ch.S. Maier, *The Politics of Productivity: Foundations of American International Economic Policy after World War II*, “International Organization” 1977, vol. 31, no. 4, pp. 607–633.

<sup>3</sup> M. Dahl, B. Piskorska, P. Olszewski, *Europejskie doświadczenia z demokracją i gospodarką rynkową. Przykład dla Ukrainy [European experience with democracy and market economy: Example for Ukraine]*, Dom Wydawniczy ELIPSA, Warszawa 2015, p. 7.

We deal with a kind of ambivalence in those states. On the one hand, the citizens and the societies aspire to the Western European living level and standards, on the other hand however, at the moment they seem to be unprepared (because of many reasons) to introduce the Western European standards of political system solutions, human rights or civil society. To a great extent, the responsibility for that lies with Russia, which implements a policy of preventing the post-communist countries from adopting western standards. The action has strengthened especially since Vladimir Putin came to power<sup>4</sup>. This does not change the fact that the way that Germany and the Central European states have travelled may constitute a valuable and precious model of political, social and economic reforms for the Eastern European states.

## 1. DEMOCRATIC POLITICAL SYSTEM OF THE FEDERAL REPUBLIC OF GERMANY AS A FOUNDATION OF THE SOCIAL MARKET ECONOMY MODEL

The development of a new political, social and economic system in Germany was possible thanks to its unconditional surrender signed on 7 May and at night on 8/9 May 1945. The national-socialist German authorities ceased to exist and the country was partitioned into four occupation zones. One of the first aims of the occupation authorities was to develop a new institutional system – at first limited to self-governments and new federal states<sup>5</sup>. However, fast growing differences between western Allies and the Soviet Union resulted in a decision to start working on a new constitution for the western occupation zones. Eventually, it came into force on 23 May 1949<sup>6</sup>.

The decision to establish a German state composed of the three western occupation zones was made at the beginning of 1948 at the so-called London 6-Power Conference<sup>7</sup>. In practice, it meant the end of cooperation between

<sup>4</sup> T. Michalski, A. Kuczabski, *Uwarunkowania procesu transformacji na Ukrainie [Conditions for the process of transformation in Ukraine]*, “Acta Universitatis Lodziensis. Folia Geographica Socio-Oeconomica” 2014, no. 17, p. 301.

<sup>5</sup> M. Dahl, *Niemiecki model społecznej gospodarki rynkowej jako wzór dla polskich przemian systemowych po 1989 roku [German model of the Social Market Economy as a pattern for the Polish system changes after 1989]*, Dom Wydawniczy ELIPSA, Warszawa 2015, p. 185.

<sup>6</sup> *Ibidem*, p. 185.

<sup>7</sup> To find more: G. Wehner, *Die Westalliierten und das Grundgesetz 1948–1949: Die Londoner Sechsmächtekonferenz [Western allies and the Basic Law 1948–1949. London 6-Power Conference]*, Rombach, Freiburg im Breisgau 1994. Also compare: B. Blank,

the four occupation superpowers and settled the division of Germany for over for decades.

The decisions made at the London Conference were later formulated in the so-called Frankfurt Documents, which decided to maintain the occupation regime in the western zones but opened the way to pass the new Basic Law. It was passed a year later based on the Parliamentary Council resolution of 8 May 1949. The day when the Federal Parliament assembled, i.e. 7 September 1949, was recognised as the official date of the establishment of the Federal Republic of Germany<sup>8</sup>. The relations between the Western Allies and the FRG were laid down in the Occupation Statute of 10 April 1949<sup>9</sup>, which was in force until 1955. Based on the document, the Allied High Commission had the right to intervene in case of a need to ensure security or a threat to a democratic order.

The provision giving the occupation authorities the right to respond to a threat to a democratic order should be given special attention. The historical experience, as well as the contemporary one, unambiguously shows that deep and far-reaching political, social and economic changes always cause unwillingness, opposition and even resistance from societies concerned<sup>10</sup>. In case of a big and growing social conflict, there can be a threat to a democratic order in a state. The social and economic reforms in West Germany in 1948, the economic reforms introduced in the United Kingdom in the 1980s, the transformation of political, social and economic systems in the states of the former Eastern Block or the contemporary attempts to introduce reforms in many the South American states or the European Union Member States

---

*Die westdeutschen Länder und die Entstehung der Bundesrepublik. Zur Auseinandersetzung um die Frankfurter Dokumente vom Juli 1948 [West German states and the establishment of the Federal Republic. Discussion on Frankfurt Documents of July 1948], Oldenbourg Verlag, München 1995, pp. 27–33; R.H. Wells, The German Problem in 1948, "The Western Political Quarterly" 1949, vol. 2, no. 2, pp. 208–216.*

<sup>8</sup> D. Janicka, *Ustawa zasadnicza w praktyce Republiki Federalnej Niemiec (1949–1989) [The Basic Law in the practice of the Federakl Republic of Germany (1949–1989)]*, Wydawnictwo Naukowe Uniwersytetu Mikołaja Kopernika, Toruń 2009, pp. 37–38.

<sup>9</sup> *Besatzungsstatut zur Abgrenzung der Befugnisse und Verantwortlichkeiten zwischen der zukünftigen deutschen Regierung und der Alliierten Kontrollbehörde, 10 Mai 1949 [Occupation statute concerning the division of entitlements and responsibilities between the future German government and the Allied High Commission, 10 Mai 1949]*, Allied High Commission for Occupied Germany, 23 September 1949.

<sup>10</sup> Ch. Mouffe, *Democracy in a Multipolar World*, "Millennium: Journal of International Studies" 2010, vol. 37, no. 3, pp. 549–561.

may be examples of resistance to change<sup>11</sup>. Only a few societies have enough capabilities and strength to introduce new institutional and system solutions on their own. This means that without necessary external support, a change is often very difficult to achieve. In case of uncertainty or a threat, many societies tend to adopt authoritarian solutions, which not only the history of the 20<sup>th</sup> century but also the beginning of the 21<sup>st</sup> revealed<sup>12</sup>. The collapse of the bipolar world order, the emergence of new world powers, globalisation, the biggest migrations in the history of mankind or climate changes are only a few of the challenges the world faces. It is difficult to predict the results of the above-mentioned processes, which strengthens the feeling of disorientation and a lack of security<sup>13</sup>. Authoritarian systems temporarily provide the feeling of higher security and predictability but, at the same time, they mean limitation of freedom, which is fundamental to democracy.

Western Allies were the guarantors of the implementation of a democratic political system and a market economy in West Germany, and international institutions and organisations played the role in Central Europe. Strong social opposition to radical change is usually a side effect of a democratic order – even if it is indispensable and essential. Taking into account public opinion when taking decisions requires that the citizens are conscious of the processes taking place in their surrounding, are socially and politically active and, first of all, take ownership of their acts and decisions. However, fear and resistance to change are in the human nature, which is confirmed by research mainly done by social psychologists<sup>14</sup>. This means that thorough and multi-aspect analysis of internal and external conditions necessary to efficient democratization and reforms should be the starting point for the introduc-

---

<sup>11</sup> M. Dahl, B. Piskorska, P. Olszewski, *Europejskie doświadczenia... [European experience...]*, p. 46.

<sup>12</sup> A. Gat, *The Return of Authoritarian Great Powers*, “Foreign Affairs”, vol. 86, no. 4, New York 2007, p. 59.

<sup>13</sup> S. Turner, *Russia, China and a Multipolar World Order: The Danger in the Undefined*, “Asian Perspective” 2009, vol. 33, no. 1, pp. 159–184.

<sup>14</sup> M. Centkowska, *Podstawy teoretyczne oporu wobec zmian w organizacji [Theoretical basis for resistance to change in an organisation]*, “Zeszyty Naukowe Politechniki Śląskiej. Organizacja i Zarządzanie” 2015, issue 77, pp. 10–16. Also compare: G. Watson, *Resistance to Change*, “The American Behavioral Scientist”, May 1971, pp. 745–766; W.H. Bovey, A. Hede, *Resistance to Organisational Change: the Role of Defence Mechanisms*, “Journal of Managerial Psychology” 2001, vol. 16, pp. 534–548; S. Oreg, *Resistance to Change: Developing an Individual Difference Measure*, “Journal of Applied Psychology” 2003, no. 88.

tion of liberal democracy in a particular state. Without that, any attempts at reforms are encumbered with a great risk of failure.

In the political system of the Federal Republic of Germany laid down in the Basic Law of 23 May 1949<sup>15</sup>, we can find provisions that are a response to the above-mentioned challenges. Analysing the constitutional regulations concerning the organisation of the German political system, we can state that to a great extent these are Anglo-Saxon solutions adjusted to the German reality. In general, one can state that they aim to make the government cooperate with the parliamentary majority and guarantee that the opposition has a control function in the area of law enactment<sup>16</sup>.

The Basic Law of the Federal Republic of Germany also formulates the rules of political parties functioning. Under Article 21 of the Basic Law, their activity must comply with the constitution. The Federal Constitutional Court plays a special role in the German political system. Since it was established in 1951, its main task has been the protection of German democracy and the rule of law<sup>17</sup>. It guards the constitution and the compliance of new legislation passed in Germany with the Basic Law<sup>18</sup>. According to Paweł Sarnecki,

“the authors of the Basic Law followed the idea of ‘the democracy able to defend’, incorporating in it such measures as a possibility of making a political party illegal, a possibility of ruling a loss of rights by individuals who misuse them to fight against democratic political rules, or a common right to oppose ‘everyone who attempts to overthrow the constitutional order’. The limited possibility of organising a referendum at the federal level laid down in Article 29 of the Basic Law aims to serve the same purpose. However, it must be emphasised that the provision is criticised as being in conflict with the idea of democracy. At the same time, there are well thought-out political system solutions that are to guarantee full controllability of the state government in all conditions, skilfully preventing the risk of constitutional crises”<sup>19</sup>.

<sup>15</sup> *Grundgesetz für die Bundesrepublik Deutschland [Basic Law of the Federal Republic of Germany]*, Bundeszentrale für politische Bildung, Bonn 2005.

<sup>16</sup> M.-L. Recker, *Geschichte der Bundesrepublik Deutschland, [History of the Federal Republic of Germany]*, Verlag C.H. Beck, München 2002, p. 22.

<sup>17</sup> *Die Rolle des Bundesverfassungsgerichts in Deutschland [Role of the Federal Constitutional Court in Germany]*, www.hss.de (accessed: 26 July 2016).

<sup>18</sup> P. Czarny, *Federalny Trybunał Konstytucyjny i ewolucja jego polityczno-ustrojowego znaczenia w Niemczech i w Europie (1951–2009) [Federal Constitutional Court and its importance for the political system in Germany and in Europe (1951–2009)]*, “Przegląd Sejmowy” 2009, no. 6(95), pp. 107–124.

<sup>19</sup> P. Sarnecki, *W sześćdziesiątą rocznicę Ustawy Zasadniczej RFN [On the sixtieth anniversary of the Basic Law of the FRG]*, “Przegląd Sejmowy” 2009, no. 6(95), pp. 12–13.

The provisions regulating the mechanisms protecting a democratic order laid down in the Basic Law of the FRG resulted from the experience gained during the Weimar Republic. Their aim was to prevent a potential re-establishment of an authoritarian regime. The solutions adopted proved to be extraordinarily effective and firmly strengthened German democracy. They also led to the development of a specific “constitutional patriotism” in Germany, which substituted for national pride and attachment to national history<sup>20</sup>, especially the modern one. They also constituted a valuable source of inspiration for many other states. Many political system solutions adopted in the German constitution can be also found in other states, especially those that left dictatorship or authoritarian systems. Spain or many Central European states can be examples. German solutions have become the subject of analyses and research done by many scientists, specialising in both law and political science, from many countries<sup>21</sup>. Scientific achievements in this area are impressive and may enormously help to reform political systems in the Eastern European states.

## 2. SOCIAL MARKET ECONOMY IN GERMANY

21 June 1948, when the then Economic Director of the Economic Council, Ludwig Erhard, announced a decision on the introduction of an economic and currency reform, should be recognised as the date of the birth of a new social and economic order in Germany. In literature, the day is also deemed to be the beginning of the Social Market Economy in the FRG<sup>22</sup>. In essence, the reform aimed, first of all, to replace the old money with a new currency, the German mark, and to remove the control of prices and abolish consumer goods rationing, which was in force in Germany at that time. This way, the state’s interference into economic processes was limited and the risk of concentrating economic power in the authorities’ hands as well as in the hands of private economic entities was minimised. Witold Orłowski rightly described the intention of the change. In his opinion:

“the sad historical experiences of Germany (in comparison with the British or American ones) caused, on the one hand, the pursuit of strong measures of protection against the

<sup>20</sup> *Ibidem*, p. 12.

<sup>21</sup> *Ibidem*, p. 13.

<sup>22</sup> M. Dahl, B. Piskorska, P. Olszewski, *Europejskie doświadczenia... [European experience...]*, p. 55.

excessive interference of the state either in the form of choice limitation or the influence on prices, and on the other hand, the imposition of a duty to develop a coherent economic order on the state. Making an assumption that private ownership and competition between manufacturers must be the basis of the economy, ordoliberals in particular emphasised that monopolisation is a danger to the market”<sup>23</sup>.

The direct result of the economic and currency reform was an almost immediate halt put to the black market trade in West Germany and a re-establishment of a market based on an efficient price mechanism within just a few days<sup>24</sup>. It also stopped the barter trade, which was a common practice in the post-war years. Production and consumption started to grow quickly and money regained real purchasing power and remained stable. After a short temporary increase in unemployment, there was a fast growth in the number of new workplaces created and full employment was reached in the economy in 1959.

Analysing the most important factors in the economic success in the FRG in the first years of its existence, one must notice that researchers studying the issue have been arguing about it up to now. The core of the problem under discussion is not, however, the action undertaken then but the weight of every single factor. Some tend to support a thesis that the decisive element conditioning the sources of the so-called German economic miracle was the fact that the principles of economic order defined by Walter Eucken were to a great extent taken into consideration in the social and economic policy. Others draw more attention to the coherence of the social policy and economic policy. And still others are eager to believe that the assistance provided by the Americans within the Marshall Plan was a decisive element conducive to reforms, which determined necessary changes at the same time.

Trying to present a synthesis of these opinions, we can state that institutional changes certainly played a key role as they laid indispensable foundations to building a market economy and via this created favourable conditions for economic development. Thanks to appropriate institutional frameworks, it was possible to limit excessive monopolisation of German economy, ensure a high level of personal and economic freedom, create stable conditions for development and companies' functioning, permanently stabilise currency and public finance, and most importantly, change the role of the state in the economy so that it stopped steering the economy by hand and focused on

<sup>23</sup> W. Orłowski, *Czy Polska dogoni Niemcy [Will Poland draw level with Germany]*, Wydawnictwo Naukowe PWN, Warszawa 2015, p. 85.

<sup>24</sup> M. Dahl, B. Piskorska, P. Olszewski, *Europejskie doświadczenia... [European experience...]*, pp. 56–57.

the creation and protection of the frameworks of free market economic order based on competition<sup>25</sup>. It also proved to be extremely important to consistently follow the principles defined by W. Eucken, i.e. to recognise private ownership as the basis of market economy, to ensure stable and convertible currency, to guarantee free development of prices, to ensure open markets, freedom of contracts and settlement, to take full responsibility by company owners for their decisions and activities and to recognise stability as the basic requirement of economic policy<sup>26</sup>.

The Social Market Economy model consistently implemented in the FRG since 1948 facilitated the development of the country and making it a developed, modern, innovative and, first of all, wealthy state. The citizens of Germany can enjoy a lot of freedom on the one hand, and social security at a very high level on the other hand. In this context, it is not surprising that German experience in the area of building a free market economic order and a German model of capitalism is a subject of analysis conducted by numerous analysts and researchers as it is a model of social and economic reform that is worth following. According to Justyna Bokajło:

“the Social Market Economy might be (...) a response to disturbed relations between the society and a market economy because it directly refers to these spheres. Its ideological and doctrinal roots and positive consequences of its implementation in the Federal Republic of Germany make it reliable, which translates into equally positive associations with economic prosperity, i.e. the strong D-mark currency, an economic miracle, order, diligence, the FRG–dynamic Europe’s engine or, finally, in the context of the contemporary crisis, Germany as the richest country and net contributor to the budget in the EU”<sup>27</sup>.

This means that not only the German experience in reforming the social and economic system after the war may be useful. The current German social and economic policy also provides sources of inspiration in reforming the

<sup>25</sup> W. Orłowski, *Czy Polska... [Will Poland...]*, p. 89.

<sup>26</sup> W. Eucken, *Grundsätze der Wirtschaftspolitik [Economic policy principles]*, Mohr Siebeck, Tübingen 2004, pp. 254–290. Also compare: M. Dahl, *Ordoliberalizm jako recepta na reformę kapitalizmu [Ordoliberalism as a recipe for reforming capitalism]*, “Myśl Ekonomiczna i Polityczna” 2015, no. 2(49), pp. 66–67.

<sup>27</sup> J. Bokajło, *Spoleczna gospodarka rynkowa jako instrument walki politycznej wpływający na kształt ładu społeczno-gospodarczego RFN – prolegomena [Social Market Economy as an instrument for a political fight influencing the shape of social and economic order in the FRG – introduction]*, [in:] P. Pysz, A. Grabska, M. Moszyński (ed.), *Spontaniczne i stanowione elementy ładu gospodarczego w procesie transformacji – dryf ładu czy jego doskonalenie? [Spontaneous and established elements of an economic order in the process of transformation – drift of order or its improvement?]*, PTE, Warszawa 2014, p. 298.

economies of particular states. However, there is a need for will and determination of the authorities in other countries to be able to make use of the not always easy way of German reforms.

At the beginning of the 21<sup>st</sup> century, Germany – as a united state already – underwent a series of structural reforms of the labour market, becoming a leader of economic growth in the European Union. In the period 1990–2005, the real GDP of Germany increased by 20% in comparison to 30% in France, 34% in Austria, 39% in Sweden, 42% in the Netherlands, 48% in the United Kingdom and as much as 60% in the United States<sup>28</sup>. In the same period, there was a very high unemployment in Germany, which reached the record level of 13% in 2005 (one of the highest levels in Europe). The permanently unemployed, who constituted over half of all the unemployed, presented a special challenge to the state. The reasons for that situation were problems connected with the German reunification, especially the well-developed social state. After 1990, one of the aims of the government's social and economic policy was to quickly equalise the salaries in the unproductive eastern part of the country. This resulted in the decrease in the competitiveness of German economy and the increase in unemployment. The Germans started to be called 'the sick man of Europe', tied by the inflexible labour market, the expanded welfare state and growing costs of business activities<sup>29</sup>.

In such a situation, in the period 2003–2005, the government formed by Chancellor Gerhard Schröder in 1998 initiated a set of structural reforms called "Agenda 2010"<sup>30</sup>. It introduced, inter alia, new methods of activating the unemployed, limited social welfare provision, which was an incentive encouraging the unemployed to make attempts to return to the labour market, raised the retirement age and stopped the growth of remuneration. In the period 2005–2010, the actions resulted in the increase in vocational activeness among 55–65 year olds and the decrease in the number of long-term beneficiaries of welfare by 20%<sup>31</sup>. While at the beginning of the 21<sup>st</sup> cen-

<sup>28</sup> I. Morawski, *Źródła sukcesu gospodarki Niemiec [Sources of the German economy success]*, "Rzeczpospolita", 7 January 2011.

<sup>29</sup> H.-W. Sinn, *The Sick Man of Europe: Diagnosis and Therapy of a Kathedersozialist*, Ifo Institute and Munich University (LMU), <https://www.cesifo-group.de/.../Sinn-DeutscheRede-2003-EN.pdf> (accessed: 28 July 2016).

<sup>30</sup> To find more on the topic of G. Schröder's reforms: J. Bokajło, *Niemieckie „państwo cudów”. Reformy Hartz jako remedium na kryzys gospodarczy [The German 'state of miracles'. Hartz reforms as a remedy for the economic crisis]*, "WIEŻ – Czas kryzysu, czas pytań" 2012, no. 11–12(649), pp. 41–51.

<sup>31</sup> I. Morawski, *Źródła sukcesu... [Sources of success...]*.

tury the unit cost of labour increased in the euro zone countries by 14% on average (in Spain even by 30% and in Greece by 35%), in Germany only by 7%<sup>32</sup>. In addition, the Eastern Enlargement of the European Union let Germany move part of its production to states with lower costs. This limited remuneration pressure exerted by employees in Germany and contributed to Germany's export expansion.

The reforms implemented by Chancellor Schröder cost its government the loss of power, however, they rebuilt the economic strength of Germany. It was especially exposed in the years of the financial and economic crisis, with which the world economy has been struggling since 2008. In this period, Germany has been the fastest developing state of the euro zone, with the unemployment rate below 6% (in July 2016), the lowest unemployment rate among youth and balanced budget since 2015. Such results make many countries envy Germany but also admire it. The German solutions may also constitute an attractive model for other countries to follow on condition that they adapt them to the realities of a given country. This refers not only to the European Union Member States but also the Eastern European countries that are also analysed in the article.

### 3. PROSPECTS FOR USING GERMAN EXPERIENCE WITH THE SOCIAL MARKET ECONOMY IN THE EASTERN EUROPEAN STATES

Thus, moving to an attempt to determine the usefulness of the German Social Market Economy model to states where system changes are taking place, it is necessary to draw special attention to specific political and economic conditions as well as social and cultural ones in a given country. An automatic transfer of solutions in the field of social and economic policy from one state to another may prove to be a big mistake, which is confirmed by the observation of many reforms. A market economy in most states is based on different types of capitalism. It must be noticed that the German capitalism rooted in the ordoliberal theory is only one of many variants of social and economic life organisation. Creating and implementing particular reform plans, one must take it into account. However, the authorities of the German state, cooperating with international organisations and assisting many countries in reforming their economy, often exert pressure on them to implement reforms precisely following the German patterns and recom-

---

<sup>32</sup> *Ibidem.*

recommendations, which quite often leads to unnecessary tensions and conflicts – even if in the long term the recommendations might prove to be effective. It is true that at the moment it refers mainly to some states in the European Union, however, assuming that Germany – in accordance with the strategy of German activeness on the global arena announced by German authorities – would also increase its involvement in the process of reforming the Eastern European states, one should expect a similar stand. In practice, it may mean that economic or development assistance will depend on the level of reforms implementation in accordance with the pattern provided by Germany. There is a specific paradox in this attitude because one of the fundamental assumptions of the Social Market Economy is taking the responsibility for undertaken activities. Interfering into decisions made by other countries constitutes a conflict in itself, although it must be noticed that interference from outside is often a decisive factor in the success of reforms, especially in the initial stage when new institutions are established and some difficulties appearing in the social and economic spheres discourage the society from implementing the reform path consistently. That happened in West Germany, where the Americans were the source of support for change, and in Central Europe, where international organisations such as the International Monetary Fund, the World Bank and the European Union played the role.

At present, because of the problems the European Union faces but also in the current geopolitical situation, the prospect for integrating the Eastern European states with the Euro-Atlantic structures seems to be remote. In practice, this means that democratisation of these countries and adoption of Western European standards by them will be difficult to achieve. One should also expect that because of numerous problems occurring in these countries (unemployment, corruption, bad economic situation or instable political situation) they will be drifting towards authoritarian regimes rather than democratic states and the lack of real prospects for integration will be strengthening this tendency. The example confirming that is, among others, Ukraine, but also Turkey, which despite the efforts made to bring it closer to the European Union, in the face of a lack of prospects for membership, gradually evolved towards stronger and stronger authoritarianism.

This does not change the fact that the German experience in the implementation of liberal democracy based on the Social Market Economy may certainly constitute a valuable source of inspiration for other states, including the Eastern European ones. Two issues seem to be especially useful as far as system solutions are concerned.

The first of them is the role of the Federal Constitutional Court in the German political system as a guarantor of the protection of a democratic state of law. The experience of the countries undergoing the process of system transformation shows that democracy is not a system given forever and ever. Weaker or stronger inclinations towards authoritarianism occur in various states; that is why adequate mechanisms protecting democracy are essential. The Federal Constitutional Court and a constitutional provision that allows for making a party illegal if it openly questions a democratic state of law in Germany play the role. What is especially important in this context is the maintenance of the separation of powers but also the independent judiciary. In the post-Soviet states it used to be and often is illusory.

The other important issue, valuable from the perspective of undertaking potential reforms, is the German experience with the Social Market Economy, especially that in the post-war years, when it was decided to replace the system of central management of the market economy in West Germany. Sensitivity to social issues and people in a difficult economic situation proved to be a decisive factor for the success of the undertaking. Unfortunately, the example of the Central European states provides negative conclusions confirming this relationship. The system change of the 1990s was focused on economic aspects and social aspects were marginalised. This mistake should be avoided at the attempts to reform other states. The lack of adequate consideration of social issues strengthens attitudes rejecting a free market and questioning a democratic order. As far as this is concerned, the economic policy coherent with social policy that was implemented in the FRG in the period 1948–1967 is worth following.

Finally, it must be added that the German experience should be treated only as a point of reference and a source of inspiration. The process of system changes is unique and inimitable and it should be adjusted to the specificity of a given country. The direct neighbourhood of the Russian Federation, which hampers democratic changes in this part of the continent, is another difficulty for the Eastern European states. According to Tomasz Michalski and Aleksander Kuczabski, “the current Russian political elites represented by Vladimir Putin and his people have their roots in the old Soviet elites. They have given up the postulates of communism, however they have maintained pro-imperialistic vision of Russia as a world superpower. Adopting the assumptions about the spheres of influence originating from the times of the Soviet Union, the Russian federation tries to re-establish its domina-

tion at least over the so-called areas abroad nearby”<sup>33</sup>. This means that in the current geopolitical situation, whatever changes in Eastern Europe will not be really possible without changes in Russia. If political life in Russia is democratised and the state stops exert destructive influence on its neighbours, an opportunity to reform the Eastern European states, and thus to use the German Social Market Economy model will occur again.

## BIBLIOGRAPHY

- Besatzungsstatut zur Abgrenzung der Befugnisse und Verantwortlichkeiten zwischen der zukünftigen deutschen Regierung und der Alliierten Kontrollbehörde [Occupation statute concerning the division of entitlements and responsibilities between the future German government and the Allied High Commission, 10 Mai 1949]*, Allied High Commission for Occupied Germany, 23 September 1949.
- Blank B., *Die westdeutschen Länder und die Entstehung der Bundesrepublik. Zur Auseinandersetzung um die Frankfurter Dokumente vom Juli 1948 [West German states and the establishment of the Federal Republic. Discussion on Frankfurt Documents of July 1948]*, Oldenbourg Verlag, München 1995.
- Bokajło J., *Niemieckie „państwo cudów”. Reformy Hartza jako remedium na kryzys gospodarczy [The German ‘state of miracles’. Hartz reforms as a remedy for the economic crisis]*, “WIEŹ – Czas kryzysu, czas pytań” no. 11–12(649), Warszawa 2012.
- Bokajło J., *Spoleczna gospodarka rynkowa jako instrument walki politycznej wpływający na kształt ładu społeczno-gospodarczego RFN – prolegomena [Social Market Economy as an instrument for a political fight influencing the shape of social and economic order in the FRG – introduction]*, P. Pysz, A. Grabska, M. Moszyński (ed.), *Spontaniczne i stanowione elementy ładu gospodarczego w procesie transformacji – dryf ładu czy jego doskonalenie? [Spontaneous and established elements of an economic order in the process of transformation – drift of order or its improvement?]*, PTE, Warszawa 2014.
- Bovey W.H., Hede A., *Resistance to organisational change: the role of defence mechanisms*, “Journal of Managerial Psychology”, vol. 16(2001).

<sup>33</sup> T. Michalski, A. Kuczabski, *Uwarunkowania procesu... [Conditions for the process...]*, p. 305.

- Centkowska M., *Podstawy teoretyczne oporu wobec zmian w organizacji [Theoretical basis for resistance to change in an organisation]*, „Zeszyty Naukowe Politechniki Śląskiej. Organizacja i Zarządzania” vol. 77(2015).
- Czarny P., *Federalny Trybunał Konstytucyjny i ewolucja jego polityczno-ustrojowego znaczenia w Niemczech i w Europie (1951–2009) [Federal Constitutional Court and its importance for the political system in Germany and in Europe (1951–2009)]*, „Przegląd Sejmowy” 6(95)/2009, Warszawa 2009.
- Dahl M., *Niemiecki model społecznej gospodarki rynkowej jako wzór dla polskich przemian systemowych po 1989 roku [German model of the Social Market Economy as a pattern for the Polish system changes after 1989]*, Dom Wydawniczy ELIPSA, Warszawa 2015.
- Dahl M., *Ordoliberalizm jako recepta na reformę kapitalizmu [Ordoliberalism as a recipe for reforming capitalism]*, „Myśl Ekonomiczna i Polityczna”, no. 2(49)2015, Warszawa 2015.
- Dahl M., Piskorska B., Olszewski P., *Europejskie doświadczenia z demokracją i gospodarką rynkową. Przykład dla Ukrainy [European experience with democracy and market economy: Example for Ukraine]*, Dom Wydawniczy ELIPSA, Warszawa 2015.
- Die Rolle des Bundesverfassungsgerichts in Deutschland [Role of the Federal Constitutional Court in Germany]*, www.hss.de (accessed: 26 July 2016).
- Eichengreen B., *Institutions and economic growth: Europe after World War II*, [in:] N. Crafts, G. Toniolo (ed.), *Economic Growth in Europe Since 1945*, Cambridge University Press, Cambridge 2002.
- Eucken W., *Grundsätze der Wirtschaftspolitik [Economic policy principles]*, Mohr Siebeck, Tübingen 2004.
- Fiszer J.M., Orzelska A., Stańczyk J., Burakowski A., Starachota K., *Sytuacja polityczna oraz reformy demokratyczne w Europie Środkowej i Wschodniej*, <http://www.forum-ekonomiczne.pl/wp-content/uploads/2011/07/Rodzina%20II-Sytuacja-polityczna-oraz-reformy-demokratyczne-w-Europie-%20Środkowej-i-Wschodniej.pdf> (accessed: 29 July 2016).
- Gat A., *The Return of Authoritarian Great Powers*, „Foreign Affairs” vol. 86, no. 4, New York 2007.
- Grundgesetz für die Bundesrepublik Deutschland [Basic Law of the Federal Republic of Germany]*, Bundeszentrale für politische Bildung, Bonn 2005.
- Janicka D., *Ustawa zasadnicza w praktyce Republiki Federalnej Niemiec (1949–1989) [The Basic Law in the practice of the Federal Republic of Germany (1949–1989)]*, Wydawnictwo Naukowe Uniwersytetu Mikołaja Kopernika, Toruń 2009.

- Maier Ch.S., *The politics of productivity: foundations of American international economic policy after World War II*, "International Organization" vol. 31, Issue 4, Cambridge 1977.
- Michalski T., Kuczabski A., *Uwarunkowania procesu transformacji na Ukrainie [Conditions for the process of transformation in Ukraine]*, "Acta Universitatis Lodziensis. Folia Geographica Socio-Oeconomica" no. 17, Łódź 2014.
- Morawski I., *Źródła sukcesu gospodarki Niemiec [Sources of the German economy success]*, "Rzeczpospolita", 07 January 2011.
- Mouffe Ch., *Democracy in a Multipolar World*, "Millennium: Journal of International Studies" vol. 37, No. 3, London 2010.
- Oreg S., *Resistance to change: Developing an individual difference measure*, "Journal of Applied Psychology", no. 88(2003).
- Orłowski W., *Czy Polska dogoni Niemcy [Will Poland draw level with Germany]*, Wydawnictwo Naukowe PWN, Warszawa 2015.
- Recker M.-L., *Geschichte der Bundesrepublik Deutschland [History of the Federal Republic of Germany]*, Verlag C.H. Beck, München 2002.
- Sarnecki P., *W sześćdziestolecie Ustawy Zasadniczej RFN [On the sixtieth anniversary of the Basic Law of the FRG]*, "Przegląd Sejmowy" 6(95)/2009, Warszawa 2009.
- Sinn H.-W., *The Sick Man of Europe: Diagnosis and Therapy of a Katheder-sozialist*, Ifo Institute and Munich University (LMU), <https://www.cesifo-group.de/.../Sinn-DeutscheRede-2003-EN.pdf> (accessed: 28 July 2016).
- Turner S., *Russia, China and a Multipolar World Order: The danger in the undefined*, "Asian Perspective" vol. 33, no. 1, Boulder 2009.
- Watson G., *Resistance to change*, "The American Behavioral Scientist", May 1971.
- Wehner G., *Die Westalliierten und das Grundgesetz 1948–1949: Die Londoner Sechsmächtekonferenz [Western allies and the Basic Law 1948–1949. London 6-Power Conference]*, Rombach, Freiburg im Breisgau 1994.
- Wells R.H., *The German Problem in 1948*, "The Western Political Quarterly" vol. 2, no. 2 (June 1949), University of Utah.
- [www.destatis.de](http://www.destatis.de) (accessed: 28 July 2016).

SOCIAL MARKET ECONOMY AS A MODEL OF POLITICAL,  
SOCIAL AND ECONOMIC REFORMS FOR STATES  
IN THE PROCESS OF SYSTEM CHANGES, ESPECIALLY  
IN THE EASTERN EUROPEAN REGION

Summary

The social Market Economy model functioning in the Federal Republic of Germany is a valuable source of inspiration for numerous states that want to reform their political, social and economic systems. It also constitutes an interesting 'object' of research and analyses. The Social Market Economy was initially introduced in the western occupation zones and after the German reunification in 1990 it was extended into the territory of the former German Democratic Republic and, to some extent, it constituted a point of reference for the reforms in the Central European states. The article tries to answer the question to what extent the German experience with the Social Market Economy may be useful for the states undergoing the process of system change, especially in the Eastern European region.

NIEMIECKI MODEL SPOŁECZNEJ GOSPODARKI RYNKOWEJ JAKO WZÓR  
REFORM DLA PAŃSTW W PROCESIE PRZEMIAN SYSTEMOWYCH

Streszczenie

Funkcjonujący w Republice Federalnej Niemiec model społecznej gospodarki rynkowej jest cennym źródłem inspiracji dla licznych państw chcących reformować swoje systemy polityczne i społeczno-gospodarcze. Stanowi również wdzięczny „obiekt” badań i analiz. Społeczna gospodarka rynkowa początkowo wprowadzona była jedynie na terenie zachodnich stref okupacyjnych, następnie, po zjednoczeniu Niemiec w 1990 roku, rozszerzona została na obszar byłej Niemieckiej Republiki Demokratycznej oraz w pewnym zakresie stanowiła punkt odniesienia dla reform w państwach Europy Środkowej. Niniejszy artykuł próbuje odpowiedzieć na pytanie, na ile niemieckie doświadczenia ze społeczną gospodarką rynkową mogą być użyteczne dla państw przechodzących proces przemian systemowych, ze szczególnym uwzględnieniem państw Europy Wschodniej.

## НЕМЕЦКАЯ МОДЕЛЬ СОЦИАЛЬНОЙ РЫНОЧНОЙ ЭКОНОМИКИ В КАЧЕСТВЕ ПРИМЕРА ДЛЯ ГОСУДАРСТВ, ПЕРЕЖИВАЮЩИХ ПРОЦЕСС ПОЛИТИЧЕСКИХ РЕФОРМ

### Резюме

Функционирующая в Федеративной Республике Германии модель социальной рыночной экономики является важным мотивационным фактором и источником для многочисленных государств, стремящихся реформировать свои политические и социально-экономические системы. Эта модель представляет собой также благоприятный объект для анализов и исследований. Социальная рыночная экономика первоначально была введена на территории западной оккупационной зоны, а затем - после объединения Германии в 1990 году - получила своё распространение также на территории бывшей Германской Демократической Республики и в некоторой степени служила точкой отсчёта для проведения реформ в государствах Центральной Европы. Настоящая статья представляет собой попытку ответа на вопрос о том, в какой степени немецкий опыт в области социальной рыночной экономики может быть полезен для государств, переживающих процесс политических реформ. Речь идёт в первую очередь о государствах Восточной Европы.