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TOWARDS A TRANSFORMATION COSTS THEORY

Summary: Transformation costs may constitute an interesting basic of transformation theory, explaining its contingencies and its course. They also suggest that household, alone or as the main creator of business, must look for the ways to lower the incurred transformation costs on their own. An outline to such peculiar nano-economics of households, which have to stand up against the tsunami of the global crisis, goes beyond to scope of this article. Outside the big theoretical discussions and political struggles, it is resource-fullness of households that painstakingly creates the nano-economics.

Key words: transformation theory, transformation cost, nano-economics, households.

1. Benefits from searching for theoretical basis of transformation

The contemporary financial crisis – and the inevitable necessity to transform many economies of individual countries – suggests that economists may have prematurely abandoned the search for a transformation theory, a field which seemed so appealing 20 years ago. Admittedly, 20 years ago there was a unique need and opportunity to look for a theory of transformation of command-and-quota, quasi-self-sufficient, state ownership-dominated economies into open, private ownership, market economies; large-scale economic transformations, however, share a considerable number of characteristics, or, roughly speaking, common problems. One of such problems is the core of a more general transformation theory which is being sought. By this I mean the costs which need to be incurred by households – households which constitute the firmest basis of both most traditional and modern economies.

The research on transformation theory was abandoned after the initial enthusiasm and the emergence of competing schools of thought within this potential theory, in line with the prevailing conviction that mainstream economics, i.e. mainly classical economics (with 'annexed' monetarism), the theory of the real business cycle and the new Keynesianism, as well as the endogenous growth theory, may be sufficient for explaining the behaviour and development of socialist economies of the 1990s and in the future. According to Ockham's razor principle, there is no need of creating artificial, extravagant concepts when there are old, tested theories, which, more importantly, have very influential authors and followers. But the economists who do

not accept mainstream economics also conceded that the existing competitive trends in economics, e.g. the post-Keynesianism, theory of imbalance, development theories, provide us with tools for a good appropriate explanation of problems with functioning and development of post-socialist economies in the 1990s and later.

Obviously, there are still economists who have not given up looking for a transformation theory[1]. By very nature of their research, institutional economists must have somehow continued their search. A transformation is of course a very radical change of economic institutions, but it is not limited to them. However, the nature of research in the field of institutional, non-numerical and non-instrumental economics has an inherent but substantial weakness. This weakness restrains their possibility to construct a desirable transformation theory, in this case curbing the possibility of a pragmatic 'exchange' with ideas useful in building a specific *policy mix* or economic growth policy, represented mainly by post-Keynesian or mainstream economics.

The search for a special transformation theory is further motivated by the observation that mainstream economics or economics outside the mainstream may not be able to satisfactorily explain, not even suggest, methods of system transformations of the former socialist or today's highly-developed market economies of the triad.

Institutional economics suggests certain ideas of looking for such a theory. They include the property rights theory, *rent seeking* concept, X-inefficiency concept, theory of agency and even an institutional neoclassical basis of the theory of markets and prices. The most inspiring and most demanding in terms of critical reflection is the institutional concept of transaction costs by R. Coase (1937), updated by O. Williamson (2000). R. Coase's seminal idea accounting for the fact that businesses (new institution) have replaced in many economic regulations the market (old institution), since the market in many regulatory areas generated frequently infinitely high costs (transaction costs) which could be indeed eliminated by the businesses, is an idea that can inspire considerations of institutional change even today. Although – as demonstrated elsewhere – R. Coase's idea, even following a very sophisticated elaboration by O. Williamson (with transactions as specific assets determining the essence of a business) may not be a satisfactory contemporary explanation of the rise, operation and development of businesses, its scholarly output is enormous.

It seems an interesting idea to build a transformation theory by using transformation costs as its cornerstone. If we are in state S_1, which is the state in which the economy cannot function or functions thanks to artificial support from the environment, then the transfer to state S_2, in which the economy, due to its autonomous capacity, not only can do without such support, but even supports the environment, then the transfer from S_1 to S_2 requires costs referred to as transformation costs.

[1] A.K. Koźmiński, *How it All Happened, Essays in Political Economy of Transition*, Difin, Warszawa 2008.

There are, however, a number of dilemmas in the transformation cost-based transformation theory, also faced by the transaction theory by R. Coase and O. Williamson. The problem is how to measure and determine transformation costs and how the identification of S_1 and S_2 influences these costs.

Undoubtedly, economies in state S_1, as economies of socialist countries before transformation or today's highly-developed market economies of the triad countries, were or still are in the condition of a stark disequilibrium. There have been past (post-socialist countries) and contemporary (the triad) attempts to describe such disequilibrium in the literature. For the sake of clarity, we can say that in the case of socialist economies there was a permanent imbalance of under-consumption, whereas in the case of triad countries – a permanent imbalance of over-consumption.

The restoration of balance involves the transition to S_2. Nevertheless, defining S_2 is very complicated. It is not possible to define this state by means of precise tools of the 'hardest' theory of economics.

The latter is familiar to such a condition, as a super-heuristic one, bearing no resemblance to reality, showing an ideal allocation and effectiveness of an imaginary economy, with perfect, reliable, complete and strongest markets, perfect distribution and allocation of title.

It is the state of general equilibrium known as the Arrow-Debreu model, whose applicability is widely put to question, most competently by K. Arrow himself.

Theoreticians and practitioners of the theory of the transformation of socialist economies were looking for much less precise definitions of the S_2 state. Paraphrasing F. Nietsche, we may say: "There is no ideal. Everything is allowed." So, some economists use mostly international models. For instance, if we want to make Polish economy similar to the institutional (regulatory, ownership-based) model of highly developed countries of Europe. Still, others would like to see a specific, e.g. English, Swedish or German model. This creates considerable room for controversy. One might also tackle the problem with Hegel's desperation as general Wojciech Jaruzelski, the unquestionable leader of the economy and the state in S_1, who concluded that he liked Poland as it was now (S_2) much more than as it used to be in S_1[2].

A similar difficulty arises in the case of contemporary economies of the triad countries, particularly the United States. If they took the transformation path, then transition from the present S_1 state of considerable imbalance to a state of some balance S_2 would necessitate a definition of such a state.

However, S_2 defined as a state of equilibrium creates much controversy. Theoretical economists have devoted the same amount of attention (actually, the lion's share of it) to the analysis of the state of equilibrium as well as to its critique. Development economics, with one of the most interesting among them, i.e. the Schumpeterian economy, strongly opposes the equilibrium phenomenon as stagnant and static. Development, in a narrow sense, is invariably associated with the lack of

[2] "Polityka" 2009, nr 7(2692), p. 34-38.

equilibrium, although there has been talk of sustainable development and even of a permanent and sustainable one in broad social and ecological meaning. Note that the Schumpeterian unbalanced growth, in which economy gains momentum by breaking out of balance with upward and downward movements, is different from S_1 states of ex-socialist economies, permanently on the same side of the equilibrium (under--consumption) or the present triad economies permanently on the other side (over--consumption).

The latter situation may constitute a basis for some kind of critique of neoliberalism[3]. Liberalism is inconsistent in this respect. Promoting the Washington Consensus, it always ignores the most important question of performance. It would be unfair to blame the Washington Consensus for promoting healthy economic principles, particularly care for healthy public finances[4]. Still, it is impossible to accept the rules of economic liberalism and the Washington Consensus of permanent over-consumption sustained by artificial support from the outside, which has more to do with the anti-liberal theory of domination by F. Perroux[5] than with liberal economics. The collapse of the situation and the inevitable changeover to S_2 might be the necessity of a shift towards genuine liberalism.

The difficulty in defining S_2, both in the past for ex-socialist economies and currently for the triad economies, especially for the US, has a strong adverse effect on the success of creating a transformation theory. The indeterminateness of S_2 will significantly raise the cost of transformation; the high cost of transformation incurred by households will have to be increased by the costs attributable to system's dysfunctionality after the transformation, which is still not the system we have been trying to achieve.

Let us now hypothetically identify the transformation theory with transformation costs as the cornerstone.

Transformation of an unbalanced system S_1 into a balanced system S_2 requires transformation costs encumbering both domestic and overseas households[6]. Transformation costs vary in time. The fall is when the economy approaches the equilibrium (e.g. in a booming economy). It is then that the transformation becomes the cheapest. Such a transformation takes place rarely, since along with the decrease of the transformation costs there is a decrease in the cost of system S_1 dysfunctionality. A transformation takes place when the costs of system S_1 dysfunctionality exceed the costs of system transformation, which is the case when both types of costs reach very high levels.

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[3] G.W. Kołodko, *Wędrujący świat*, Prószyński i Spółka, Warszawa 2008.

[4] G.W. Kołodko, *O reformie naszych finansów*, Toruń 2005.

[5] F. Perroux, *Esquisse d'une theorie de l'economie dominante,* Economie Applique, 1948, issues 2-3.

[6] For example, the cost of the transformation of the US will be also covered by households worldwide. However, the US households also paid for the transformation of the Polish economy.

2. Dispute over target state of transformation

Instead of making practical use of the institutions of markets
and the state in the economy, why do we mournfully pray to them?

Tadeusz D. Amna

As demonstrated above, the resistance of households against change and incurring transformation costs stems from the fact the such costs, firstly, are: mixed with system dysfunctionality costs, and secondly, divided into two groups: the cost of carrying out changes and costs of new dysfunctionalities of the target system.

Dysfunctionality of the target system appears inevitable and usually results from fetishizing or canonizing the role of the state or market in the target system. Usually such fetishizing or canonizing is connected with a convert's abandonment of one in favour of the other. All great trends in economics attracted a lot of attention by negating the previous ones. But when they were proved in practice, it was through a pragmatic merger of the new religion with the old one.

Keynesianism rightly negated the neoclassical economics in the latter's claim that all markets can be counterbalanced. Production and service markets can balance out fairly well (although not all of them, e.g. medical service markets cannot be balanced, which constitutes a great transformational problem of all economies of the world, discussed later), but job markets or financial and monetary markets cannot. Based on an apt negation of classical economics, Keynes created a modern macroeconomics, later prolifically used by one of its greatest critics.

The normative programme of Keynesianism did not prove as successful as its positive critique of neo-classical economics. Keynesian normative programme is subjected to a permanent revision both on part of its advocates and opponents. A limited capacity of market economy, i.e. the whole system of markets (with job and financial and monetary market) of balancing the economy does not necessarily mean that any state's activity can help to stabilize market economy. J.M. Keynes's joke that during crisis the global effective demand should be fuelled by burying and unearthing bottles with banknotes has been welcomed too seriously in theory, but fortunately not in practice. At the very beginning, practice remained firmly supported on healthy rules of economics (neo-liberal), recognizing the accuracy of Keynesian critique, but also another craziness of his policy concept, which was later fully revealed, providing fuel for his apt critique on part of monetarism, new classical economics and the real business cycle theory. Initially, practice was involved in the economy in a very rational (infrastructural) way compliant with neo-liberal endogenic growth models by R. Lucas and R. Barro. In the United States, as well as other triad countries, the crawl out of the Great Depression of 1929-1933 was achieved by constructing infrastructural basis of modern economies. Apart from discussion on Keynesian multipliers and crowding-out effects, there was much more important room made for the Leontieff's multipliers, meaning the operation of positive

structural transformations in economies. Speaking of the role of the state in the economy, Leontieff's rather than Keynesian's multipliers should be taken into account, so that the liberal approach could successfully be reconciled with the etatistic (development-based) approach to economy. Unfortunately, in the Polish transformation process we must mention big failure in the above area, blaming liberal and any other economy-shaping programmes, of which there have been attempts (or failures) to implement in the last twenty years[7].

Just as Keynesianism accurately pointed out the limitations of neo-classical market models, the monetarism, new classical economics and theory of real business cycle revealed the weaknesses of the Keynesian model. Nevertheless, these branches only to a minor extent supported the work on an efficient normative operations programme for market economy. The monetary critique of the Phillips Curve, the Keynesian trade-off between unemployment and inflation, proved very accurate. Experienced entrepreneurs, also very quickly in Poland, noted the appropriateness of the critique of shaping employment policy and they are adjusting their staff intake very carefully along with the demand growth policy.

Many Polish entrepreneurs discovered the so-called Lucas critique from the new classical economics, based on rational expectations: they do not at all respond to the demand-driven policy of the state with an increase in employment, anticipating high redundancy costs in the future (if they employ, they do it illegally, without the risk of high redundancy costs, which makes the Polish job market 'more flexible' by illegal means). However, building economic policy based on rational expectations theory also proves to be very unreliable.

The critique offered by real business cycle theory is also accurate by noting that there is a growing tendency for the actual and potential GDP to be equal. Unused production capacity does not have any competitiveness to be used in a globalising economy, leading to an increase in employment and lowering inflation by a greater supply. Although this theory entails the previously referred to interesting normative concept that the state's involvement in the economy should favour the creation of Leontieff's rather than Keynesian's multipliers, in the short run it automatically triggers very high transformation costs, unacceptable for politicians and voters.

Critiques of Keynesianism offered by monetarism, new classical economics and real business cycle theory in normative programmes promote a market (a system of markets) the fetishization and canonizing of which is at present considered the main cause of the crisis and the necessity to transform the economies of the triad. The new Keynesianism and behavioural economics may have been a roaring success in the global economy based on accurate criticism of market's limitations in eliminating the dysfunctionalities of system S_1, but, as argued above, their success is limited

[7] In 1993 there was an act which was meant to serve as a basis for constructing 2600 km of motorways within 10 years. At that time, in 1993, there were frightened voices that we would have to wait ten years for 2600 km of motorways. Between 1993 and 2003, actually a tenth of the number of kilometres foreseen by the authors of the act was built.

solely to the critique of previous systems. The new Keynesian economic aptly points out that many prices have a sticky character and cannot balance markets, contributing to constant disequilibrium. Behavioural macroeconomics, just as the behavioural theory of business or econometric theories, focuses on many determinants of modern economy, their various interdependencies, making it difficult to draw conclusions as to its states and responses.

Both the new Keynesian economics and behavioural macroeconomics again provide accurate criticism of formerly most seminal neo-liberal trends: the new classical economics supplemented by monetarism and real business cycle theory, but, like in the past, they fail to offer any useful normative conclusions. If there is any concept of an increased regulatory role of the state in the economy arising from such a critique, it all too easily becomes the subject of even a fiercer criticism in the future. As can be seen on the example of transformations of the triad countries, including the US, the state is still a novice when it comes to fulfilling a positive role in the economy. So far, it only organizes enormous amounts of cash and forecasts record budget deficits. In the ranks of government and central banks there are no people capable of standing up against the tsunami of the crisis. President Obama recruited the venerable P. Volcker to act as an intellectual leader in this crusade, which is a symbolic suggestion that currently the state has no robust personnel which could enable it to successfully take over the efficient regulation of economies.

In the case of the transformation of the former socialist economies as well as today's triad economies, there is no escape from state S_2 with the market as chief regulator. It is not a question of any doctrine, market fetishization or canonisation, although many economists might like to do it, just as others like to canonise the state in the economy. In terms of pragmatism and effectiveness, the problem is how these institutions, with equally important businesses and households, can best serve the individual countries and the entire global economy.

Indeed, market regulation faces many challenges. For example, the asymmetry of information on the market and the relationship between market entities and the state, lack of market transparency, indivisibility (corpuscularity) of production factors create many textbook problems for cost curves of classical economics and the possibility of supplying certain goods as private goods in market exchange, uncertainty, the presence of company's technical equipment and know-how which is not a subject of market exchange (specific assets), monopolistic practices, uncertainty and risk, balance phenomena on the market, diversity of company objectives, innovations modifying static model conclusions, etc.

Many of the above problems of market economy can be sorted into three groups: 1) problems constituting market failure, widely discussed in literature, such as: a) high concentration of production and sales on markets, b) the presence of positive and negative effects on markets, c) the presence of public goods; 2) problems related to the nature of markets, which we used to analyse in a more sophisticated theoretical way and which are popularly defined as market maturity: a) market depth,

b) technological advancement of activities on the market, c) introduction phase in the product life cycle, d) ownership relations on the market, e) local market's relations with the global one, f) experience of market entities and others, and 3) market incompleteness problems, i.e. the lack of many markets necessary for market economy to function well as a set of markets (avoid recession or recover quickly and 'relatively cheaply').

Obviously there are many relationships between these three groups, sometimes it is even controversial to assign a given problem to a particular group of problems faced by market economy. Many problems classified to these three groups have frequently the same origin; it is mainly information and knowledge, ways of allocating and creating such knowledge, economic flow, capacity, value, accessibility, credibility and similar issues related to information and its asymmetry in the economy. Convenient market models, in which price 'fixed' all contemporary complex information problems of real market economy, are unacceptable even for the authors of the simplest books on economics.

There are theoretical and practical attempts to 'fix' market incompleteness phenomenon, as well as market failure and feeble nature of markets causing the malfunction of the economy entering a long recession, by requesting state's assistance. Although the state plays an enormous role in reducing market incompleteness and failure as well as adjusting their image, it is not a crucial role.

As regards transformations of the ex-socialist economies, there was a problem with bringing all of the following characteristics of markets to an appropriate level: reliability, character strength and completeness. The former socialist economies as present market economies or, if defined precisely, economies with emerging markets, still face tremendous difficulties with the above three groups of characteristics in their respective S_2 states. Hence e.g. the ease of speculating in currencies of these countries due to the weak character of their markets.

Triad economies have the biggest difficulty with market completeness. A problem arises to what extent the transformation of the economies of these countries may lead to S_2, where the completeness of the markets could be increased, which is not tantamount to limiting the role of the state in the economy, and to what extent S_2 must involve a growth of the quantitative role of the state.

As mentioned before, judicious economists, with K. Arrow at the lead, have never harboured any doubts that a complete set of markets does not exist in real economies[8]. Nevertheless, the efficiency of real market economies depends on the fact that they should be established – at least partially. Partial establishment of such markets is the best way of raising the efficiency of market economy and solving many urgent economic problems of today.

[8] There are even publications claiming that such markets do not exist in Arrow-Debreu's imaginary economy either. This would mean that all efforts aimed at finding the optimum solution of L. Walras's general equilibrium, which were directed on creating new assumptions, taking the model gradually further and further away from reality, proved yet insufficient (see: J.H. Dreze, J.J. Herings, *Sequentially Complete Markets Remain Incomplete. Draft,* 2008).

G. Debreu placed high hopes associated with the above process in futures markets. These markets are one the one hand highly incomplete and weakly developed and on the other hand already alienated in some of their segments. This concerns certain derivative markets, developed primarily through investment and hedge funds. Such funds, by operating quadrillions of dollars globally, 'invading' product, material and capital markets, rapidly weaken their character. They have definitely 'alienated' themselves and distort the operation of market economy rather than identifying its development paths. According to P. Kuczyński, "We may as well throw away all textbooks on classical (neo-classical – A.N.) economics. Prices are no longer determined by the supply/demand ratio, but the capital in between"[9] .

The absence of a complete set of markets in the economy is explained by many theoretical concepts, the most popular being a concept by the followers of the New Keynesianism as advocated by G. Akerlof [10].

How can the completeness of markets in the economy be raised? One way is the self-sufficiency of market economy to develop new markets. Another way is to 'artificially' assist markets in reducing information asymmetry due to: a) technologies (e.g. thanks to computer systems identifying bad debtors or simply enhancing the possibilities of investigating creditworthiness, thanks to DNA tests reducing asymmetry in life insurance data, thanks to central record of drivers and vehicles, reducing asymmetry in automotive insurance; following Akerlof's example we may imagine increasingly improved testing centres with X-ray view of the car identifying its history, etc.); b) activity of the state. A third possibility is the ability of market participants, businesses and households to self-organize.

Undoubtedly, streamlining the operation of market economy both on a global and local scale requires the establishment and development of a number of markets, which may often sound strange and shocking. This is because development should not only concern e.g. capital markets (the existing ones are merely a mock-up of the real thing, as it turned out in recent years during the subprime crisis, also in highly--developed market economies), markets of businesses, or managerial markets (which also proved a complete failure of market economy, although once they were considered one of the most important foundations of private ownership in the economy), but also social responsibility markets of businesses, confidence markets, environmental pollution markets, specific assets markets, and, most importantly, information and knowledge markets. It seems that we may make an optimistic assumption that market economy will create such markets automatically thanks to technological progress and with reasonable assistance of the state and network of businesses.

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[9] "Polityka" 2008, nr 23, p. 39.

[10] G. Akerlof, *The Market for Lemons: Qualitative Uncertainty and the Market Mechanism*, "Quarterly Journal of Economics" 1970, No. 3 (vol. 84).

What happens and what can be done if the progress is too slow? Usually the assistance of the state is called for. The state, more or less closely following and correcting the market should fill the gaps related to lack as well as inadequacies and weak character of the markets. In the present article we would like to turn our attention to another solution, more important, 'natural' and efficient. The solution is the resourcefulness of households and businesses. The establishment and development of businesses, the resourcefulness of the creators of this phenomenon is market economy's way of handling many essential markets.

The ideas of resourcefulness and businesses for dealing with market incompleteness may be found in enterprise theories. In many enterprise theories, establishing businesses is seen as the biggest necessity in the face of lack of many markets, and as an opportunity for entrepreneurs.

Enterprise theories identifying their invariant and autonomous foundations are becoming crucial again. On the one hand, increasingly stronger competition 'propels' the economy forward to more risky ventures, in which not only the state allows itself to dangerously exceed the budgetary limits, but such an activity is undertaken by businesses and even banks and households on a frightening scale (e.g. in the form of *subprime* mortgage loans and securitization thereof by means of sophisticated derivatives). Thus, it is more important to point out that it is the enterprise theory with its healthy 'genetics' that can provide answers to questions of what factors favour its growth and survival opportunities, its value, the increase of its effectiveness – with an increase in work efficiency greater than the increase in the costs of labour, economical use of expensive production factors, etc. rather that psychology of international capital markets and the 'game' in which they are involved in with central banking.

3. Transformation costs

Numerical estimations of the costs of system dysfunctionality and transformation costs are practically impossible. But they are not the main focus of transformation costs theory or institutional costs of transaction. For this reason they are an attractive subject for tabloids or newspapers recently regarded as serious, which are facing a dire need of transformation, too. Daily press feeds us with astronomical amounts meant to show the costs of transformation and dysfunctionality, flippantly mixing billions with trillions and quadrillions of dollars, which indeed is almost as newsworthy as celebrity or political scandals.

With transformation costs, it is not calculation that really matters, although it does seem an interesting subject for analytical economics and not merely sensational media coverage. However, we present calculations *ex ante*, the main problem is the consent of households and only if specifically experienced by households. It is about the deterioration of living conditions, the fall in GDP, budget deficit, the unemployment rate and inflation, state debt, income inequality, etc. These are the

costs of transformation, although they may also be the costs of system dysfunctionality to which households consent or not[11].

A greater usefulness of the concept and the amount of transformation costs as the core of transformation theory can be seen on the example of selected markets. Take for example the meat market, medical services market and the money market.

The meat market is a symbol of the Polish transformation. It is widely known that the issue of meat consumption, its production, availability, price is not only a considerable part of the economic history of the People's Republic of Poland (PRL), but even a greater part of its political history. Most social and political dramas of the PRL were connected with the impossibility of creating such a market. Per capita meat consumption was one of the most important indexes of the economic growth of the PRL and probably one of the main causes of its demise. It may seem quite grotesque today, especially in the face of an increasing percentage of the society who perceive that excessive meat consumption has a negative influence on health and many wealthy Poles are giving up meat altogether. The last socialist government, led by M. Rakowski, decided to start meat market for a very down-to-earth reason: another wave of meat shortages, even purchasable by coupons and after nine years of their introduction. Previously, the smallest fluctuation of the meat price led to the necessity of giving up reforms and a severe political crisis. The establishment of the meat market in 1989 allowed it to function in a classic, textbook sense: with the exclusion of a certain group of buyers for a certain period, a substantial reduction in the consumption by others, high prices – this time, however, unaccompanied by increased salaries, and profitability of meat production. Classic operation of the market proved to be success, however, involving significant transformation costs, which were effectively collected from households. Still, the introduction of meat market is an example of a successful transformation (obviously a fragmentary one). Following *market clearing*, the poorest were able to go back to the market. Today, even very poor households can afford the proverbial "bread roll with a slice of ham", which 20 years ago was problematic for directors of prosperous companies[12].

Such a fragmentary transformation is not possible with medical services market, not only in Poland. In this case we are dealing with infinitely high transformation costs to introduce a complete medical services market via *market clearing*. This

[11] W. Jaruzelski said: "As I said, painful reforms were necessary. We were able to make them only in cooperation. (…) Suppose that it was Wałęsa who won the presidential election in 1989. It was precisely because of the 1990 reforms that Mazowiecki lost the election not only to Wałęsa, but also Tymiński. What would have happened if in 1990 I had stepped onto the podium and spoken out: "It wasn't the way it was meant to be, there should have been no social end economic inequality, no injustice, no unemployment." Do you think that the people who wanted to see the comeback of communism wouldn't have followed suit?" ("Polityka" 2009, nr 7).

[12] Of course there is no lack of grumblers who are quick to point out that it is not the same ham, and so on.

would entail many casualties and may have unacceptable consequences before a proper supply (as in the case of the meat market) could emerge.

The money market is the subject of a serious transformation debate in the triad countries. Apparently, opponents of the Paulson Plan include many economists, with some, like R. Lucas, speaking out about solving the money market problem using market methods. The costs of transformation caused by this solution would be astronomical, so there is no chance that households in any country could afford them. Although the costs of transformation by means of regulation and subsidization will also be very high, they will be distributed over a period of time and households will have to incur them anyway.

The above examples demonstrate, however, that transformation costs may constitute an interesting basis of transformation theory, explaining its contingencies and its course. They also suggest that households, alone or as the main creator of businesses, must look for the ways to lower the incurred transformation costs on their own. An outline of such peculiar nano-economics of households, which have to stand up against the tsunami of the global crisis, goes beyond the scope of this article. Outside the big theoretical discussions and political struggles, it is resourcefulness of households that painstakingly creates the nano-economics. This is especially true of the resourcefulness of many pensioners who are aware that there is no point in relying on state-provided pension rises (by Social Insurance or Farmers' Social Security Fund). Increasing pensions by 10 PLN per month would be an additional billion in budget expenses, by 60 PLN it would equal the entire state expenditure on higher education, and this is just 60 zlotys. The resourcefulness also concerns *peer-to-peer* loans, considered by HBR as the innovation of the year 2009, the role of cooperative banks and mutual insurance companies as local business centres, weaving small local business webs, versus large global networks faltering in the tsunami of the global economic crisis, local Say's laws, resourceful local reduction of alienation which is characteristic of the contemporary large companies on the verge of bankruptcy resulting from the dissociation of level 2 management from the ownership (the owners are investment funds which have no idea what companies they have in their portfolios) and many other activities which can transform economies, with lower transformation costs.

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PRZYCZYNEK DO TEORII KOSZTÓW TRANSFORMACJI

Streszczenie: W artykule autor przedstawia kształtowanie się kosztów transformacji z punktu widzenia gospodarstwa domowego. Przeprowadzona w artykule analiza tego zjawiska pokazuje, że celem reformowanej gospodarki powinien być dobrobyt gospodarstwa domowego, które stanowi źródło czynników produkcji potrzebnych w rozwoju gospodarki realnej. Obniżaniem się kosztów transformacji zajmuje się nanoekonomia, czyli ekonomia bardzo małej skali, której zadania zaprezentowano w artykule.