

The Value of Knowledge –

The Development of the Lower-Silesian Industry 1936–1956

John Stuart Mill pointed out that: “an enemy lays waste a country by fire and sword, and destroys or carries away nearly all the moveable wealth existing in it: all the inhabitants are ruined, and yet in a few years after, everything is much as it was before.”¹ The 20th century provides several impressive examples for these so-called “Economic Miracles”. After its total defeat, the German Reich had been dismembered, and this resulted in the creation of two new countries: the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR). Both countries recovered rapidly from the devastating war and – perhaps more importantly – from the dismantling of their industries. The great economic growth of the Federal Republic during the 1950s and 1960s surprised and impressed many. The economic development of the GDR even though impressive, was not as comparable.

Economic historians normally tend to emphasize the two countries above, creating an abundant literature in this area and failing to even address the fact that the former Reich was split in three not two parts. In actuality the economic development of the former Eastern Territories of the German Reich has hardly been analyzed. Having become part of Poland due to the Potsdam Agreement of August 1945, the so-called Recovered Territories made up one third of the newly established country. These territories have never seen an Economic Miracle – although the material preconditions did not differ from those of the German Democratic Republic.

Why did the new Western and Northern Territories of Poland not see an Economic Miracle, like the FRG and the GDR? Most of the studies dealing with Poland and its new Western and Northern Territories testify to a very materialistic vision of production, not taking into account the main production-factor of the 20th century: knowledge. The resettlement of the German population due to the Potsdam Agreement resulted necessarily in the loss of the indispensable knowledge and expertise without which knowledge-based production is very complicated, if not impossible. Economic literature, in general, in relation to Poland, tended to focus on analyzing the material conditions such as resources, money, machines etc. There is no doubt that these factors have their importance. Yet it is essential to be aware of the fact people have to have the knowledge in order for production to take place. The presentation will show that the lack of the consideration of the importance of knowledge is the key to explaining the differences in economic growth between the Recovered Territories and numerous other countries.

¹ Mill, John Stuart (1848), *Principles of Political Economy* (Volume I), London, p. 93.