

THE INTERPRETATION OF ECONOMIC TEXTS FROM THE PERSPECTIVE OF SOCIAL VALUES

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ABSTRACT: *The field of economic sciences makes available to analysts many interpretation types of economic phenomena and processes: economic analysis and statistics offer a realistic view based on figures or in other words on the analysis of optimum use of resources under given assumptions and constraints. Semantics, a quasi-universal science, offers other ways of interpretation: the relations among signs subordinated to syntax; the relation between signs and their interpreter belonging to pragmatics; semantics explain the relation between signs and the represented objects. What happens when the externalities generated by market economy need an interpretation from the perspective of social values? This field is underdeveloped in economy. We think that interpretation belongs here, within the wider frame of economic hermeneutics that includes the axiological interpretation – in order to identify the hidden causes of the economic agents' behavior-, the behavioristic-institutional interpretation – from the perspective of the analysis of individual behavior- and praxeological interpretation – analyzing human actions and their efficiency. The purpose of this approach is to have a better global view of the economic phenomenon.*

KEY WORDS: *social values, axiological interpretation, behavioristic-institutional interpretation, praxeological interpretation.*

JEL CLASSIFICATIONS: *B59, O350.*

1. INTRODUCTION

Sciences have known a considerable progress during the last decades due to their holistic and transdisciplinary approach. We consider the containment of the economic science from other sciences responsible for its backwardness. Social sciences, among which economy, are based on „storytelling” (McCloskey, 1991, p. 59) for rendering an economic phenomenon or process. The interpretation of figures with economic analysis or statistics becomes useless, while the interdisciplinarity of

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semantics including syntax, praxeology or pragmatics cannot be applied to the narrative discourse. Let us analyze, for example, the two important economic paradigms: that of the invisible hand and the intervention of the state in economy. The empirical interpretation of the data provided by economy was not able to provide pertinent answers for their failure. It is here that we consider appropriate a new type of interpretation from the perspective of the social values, ethics and moral. Being entirely a result of the human action, the understanding of economy is related to that of the human behavior, of human actions, rational or not.

Although, followers of the free markets, Margaret Thatcher in England and Ronald Reagan in America practiced a reverse policy – the interventionist one.

The answer to these apparently paradoxical situations is the qualitative interpretation of the human actions, not the quantitative one.

2. THE AXIOLOGICAL INTERPRETATION

The law, the public institutions, the institutions of control and regulation design the space of our actions and our behavior; they establish values and standards. The questions which can be asked here are the following: to what extent are the values and the moral principles found in the norms and the practices of the institutions that govern us? How much morality can be found in the laws or in the free assumed behavior?

Morality is a free mutually consented behavior. The essential value of morality consists in the fact that it is a *constraint*, opposed to the “laissez aller” spirit, sometimes it is against the human nature (the selfish spirit). Morality is a social contract, a voluntary exchange of wishes and interests, of requests and expectations, of rights and obligations between individuals, groups of individuals and institutions. The premise from which we begin is the following: *the shortage of ethics/ morality from which we start is the essential cause of the inefficiency of the laws, of the non- competitiveness of the business environment.*

In our analysis we have approached two fundamental economic theories of the market economy: the theory of the invisible hand and the Keynesian theory. The neoliberal interpretation which is given to Adam Smith’s theory is focused on “the laissez-faire” paradigm. The market channels the energy of the selfish individuals who only think about themselves. The famous statement of Adam Smith (“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest” (Smith, 1776) has become the motto of the advocates of the free market. In such an approach, morality would be understood as being integrated in the individual behavior, even if it is selfish. The Keynesian model, which has brought economic prosperity and social stability until the beginning of the 70s, considers that without an intervention of the state in economy, the crises cannot be reabsorbed.

The axiological interpretation has the role of identifying “the hidden causes” of the behavior of the economic actors. Such an approach allowed us to identify another genesis of the crises: “the animal spirits”. The market promotes the rational economic motivations but a large part of its economic activity is governed by non-economic

motivations. The man, through the nature of his spirit, is altruist and selfish. However, *something* must be opposed to the selfishness and to the temptation of becoming rich without the just value, and this *something* is the *mechanism of regulation*.

By axiology we understand a *general theory of values*; we interpret the mechanism of the regulation of the market from three perspectives:

- A) The forces of the market: reason, euphoria, panic;
- B) The determiners of the market: trust/ distrust, chance/ unpredictable, regulation/ deregulation, “the animal spirits”;
- C) The Mechanism of regulation: the Invisible hand, the “Social visible hand”, the “Interventionist hand of the state” (Lungu & Băileşteanu, 2014).

From Kant’s *Critique of Practical Reason*, we understand the *value* as the definite imperative of moral duty, constantly present, more or less at each one of us; and from the psychological interpretation, the subjective orientation, we understand the *value* as the act of valuing, the *value quality* of things. We consider the economic value or the market value from an individual perspective. We go far from the “theory of value- work” and we come close to “the theory of the marginality values”. *The objective value* is given by the quantity and the quality of work incorporated in the economic goods and represents only a starting point in the axiological evolution of them on the market. The *real value*, determined by the prices of the market, depends on the valuing of the economic subjects, on their growing needs and especially on the decrease. From here the theories of marginality values can be developed.

We emphasize *trust* as moral value. The economic actors’ behavior is presented from the following perspectives:

- Rational: the development is sustainable; rational market;
- Euphoric: excess of trust and underestimated risk; irrational market with an unsustainable development;
- Panic: excess of distrust and overestimated risk; irrational market with underdevelopment.

The axiological interpretation does not consider trust only as moral value. It also extends to ethics and social responsibility to business. We remind here only some fundamental problems: does it create an ethics- free market?; Why is ethics good in business?; Is there a relationship between risk, trust and social responsibility in business? And so on.

The empiric studies have already directed themselves in this direction and it was proved that ethics and morality become a currency on the working market and their invaluable price is given by their absence in the preliminary periods of the economic decline or economic crises.

From the perspective of the axiological interpretation, we enunciate the following axioms which confer, in our opinion, some substance to the concept of “social visible hand”.

1. *Ethics must be integrated as a component of the decision theory in management.* As a philosophic discourse on morality, ethics follows a rationing of the process through which the individuals and the organizations take decisions. In economy, the applied ethics must find its correspondent in the theories of growth too. The ideas of research suggested by the Club in Rome must be built on.

2. There is no *contradiction between ethics and business*. The principles of the free market- private property, free change and social contract- are compatible with the ethical principles. Businesses produce goods and services, but also working places for the community, therefore ethics.
3. *The ethic Code* – the ideals, the values, the principles and the moral norms are considered desirable in an organization; it must be considered an element in the substantiation of the decision. There must be an explanation of the order of priorities in the case of conflicts between the ethical principles and the laws, an elimination of the ambiguities from the process of decision as much as possible. As a tool of decision, the ethic code must identify itself all the sources of interest, the sources which generate moral conflicts, to offer a set of concepts clearly defined which can allow the diagnostic of the ethnic conflicts and their solving.
4. *The ethic code is a branding and a marketing tool*. It must not only act in the relations between the groups inside the institution, but also in the relations between the institution and other institutions. Also, the following must identify the groups of interest outside: business partners, government, ONGs, consumers, competitors and so on.
5. *The commercial organizations must be seen as corporate citizens* who must engage in partnerships with public institutions as to develop the community. The philanthropy in its traditional manner must be overcome. The advantages which are pursued are of strategic nature: the sustainability on long term of the investments, the building of a brand name, the development of human resources in the organization and in the community. We need a corporate civility which implies investments of the companies in projects of revitalizing the economy of the communities where it operates itself.
6. *The need of reputation of the companies will make the social audit* as important as the financial audit. Through such a control, the following will be targeted: the defining of the politics of the companies starting from the identification of some criteria of appreciation of the social performance.

The axiological interpretation allows us to validate the judicial and the economic norms from the perspective of their conformity with the system of values which is accepted by the community and by society. The moral norm does not convert directly into a judicial norm. This transit is mediated by debate and dialogue within society and community.

3. THE BEHAVIOURISTIC-INSTITUTIONAL INTERPRETATION

The behaviouristic-institutional interpretation is not a behavioristic theory or an institutional one. We take into consideration an interpretation of the behavior of the individuals and of the economic actors from the perspective of trust/ distrust, euphoria/ panic, selfishness/ altruism, a *non-political economy*, as meant by Pierre Rosanvallon (Rosanvallon, 2010, pp. 391).

The interpretation that we give begins from the following observations:

3.1. The tension between legitimacy and trust

The legitimacy has a substrate of procedure, while trust is much more complex. The economist Kenneth Arrow considered trust as an “invisible institution” gifted with at least three functions: (1) trust is a modality of institutional saving (it eliminates a multitude of mechanism of control); it extends the quality of legitimacy with the moral dimension; (3) it plays a temporal role, allowing us to assume that it lasts in time (Arrow, 1974, p. 26).

So far, in the historical evolutions there could be observed a tension between institutions, even if they are democratic and trustful. We assist at a process of compensating the reduction of trust through “organizing” the distrust. This organization of distrust is understood as a “preventive power” (Jouvenel, 1966).

3.2. Distrust - expressed and organized

We can emphasize at least three main ways of organization: (1) the power of supervision; (2) the forms of resistance; (3) the checking through judgment (Rosanvallon 2010, p. 26). Supervision combines itself with the legal democratic institutions in a system, prolonging and extending their effects.

3.3. Distrust/trust - economic growth and crises

If we define trust as a form of knowledge which allows us to phrase future hypotheses, it is obvious that it is declining as a result of the growth of the complexity of the economic systems. Supervision leads to the growth of transparency and the reputation of the market. Even if the term “supervision” is old (the 18th century), in modernity, it was revived by economists in the 70s. The context was that of the crisis provoked by the first oil shock. In the article IV of the Revised Book of IMF it was recorded to date back from 1975. The 2008 crisis has reinstated into debate the *laissez-faire* paradigm and also the paradigm of regulation/ supervision.

3.4. The mechanisms of audit and certification - a decisive element of economic governing

Corporations and institutions are no longer credible if they do not submit to these controls. Audit and certification form a “negative insurance”.

3.5. Two economic doctrines - unproductive

The counterbalance of the two doctrines, the invisible hand and the intervention of the state proved to be unproductive. In our studies we propose another interpretation. We introduce in the understanding of the equation of the crises the “social visible hand” as a regulator of the market. Our proposal for a behaviouristic-institutional interpretation is not yet sufficiently structured, however we consider this a fertile direction for economic research.

4. PRAXEOLOGICAL INTERPRETATION

The importance of the praxeological vision on economy consists in the consequences of admitting the fact that the theorems of the economic science are considered to be sentences belonging to a science of human action. The praxeological interpretation operates with concepts such as: function, objective, means, activities. Any system of activity organizes itself to achieve *something*. To satisfy this need an activity/ activities are organized. The satisfaction of the functional need or the need among which any economic system is built represents its final function. We can make a distinction between function and objective. The objectivity of the function resides in the objectivity of a special need, while the realism of the purpose resides in the understanding capacity of the objectivity that defines it.

From a praxeological perspective, we will consider the purpose a possible state which an economic agent targets. To achieve the purpose, the economic agent carries on activities. These can be *fully efficient, a condition which is necessary facilitatory, indifferent, compromising, totally inefficient* (Băileșteanu, 2010, pp. 41-46).

Our activity, we suggest the following interpretations:

1. If the action "a" is sufficient (s) to achieve the objective "q", it means that the action "a" is *fully effective* (maximum of effectiveness) in relation to the objective "q".
2. The partial efficient action does not involve the total efficient action, but the total efficient action involves the partial efficient action. The partial efficient action is a necessary condition, but it is also not sufficient. This means that between the under- objectives and the final one there is a relation of necessary causality, which is not also sufficient.

$\left\{ \begin{array}{l} A_{iT} \rightarrow A_{ip} \\ A_{ip} \not\rightarrow A_{iT} \end{array} \right\}$	<p>The total inefficient action (A_{iT}) involves the partial inefficient action (A_{ip}), while the partial inefficient action does not involve the total inefficient action. This means that the total failure is generated by partial failures while a partial error does not necessarily mean a total failure.</p>
$e_T \rightarrow i_p \vee i_N$	<p>The behavior/the total efficient action do not recognize partial failures or indifferent actions in relation to the targeted objective. This means that for short periods the non- action (in relation to purpose) is as unproductive as the partial inefficiency. The indifference does not distance us from achieving the purpose but it also does not make us close. To do nothing means losing opportunities.</p>
$e_T \rightarrow \sim i_T$	<p>The total efficient action involves the non- efficiency The complete efficiency involves complete non- inefficiency.</p>

From the perspective of the economic interpretation we consider that we must remember the following:

A. Objectives. The objective has an objective conditioning, being one of the possibilities of valuing. A detailed classification of the objectives can be found in the

works of reference 3. From the perspective of hermeneutical approach we consider essential the following:

- *routine objective* – the purpose belongs to a performance which was done previously;
- *predictable objective*- does not belong to a performance which was done previously by the economic agent, but it can be accessible;
- *possible objective* – is not accessible at the “t”, moment but it can be done at the moment “t+l”. This happens due to a favorable vision on the potential agent;
- *probable objective* – is not accessible at the “t” moment, but the possibility of its achievement it not excluded.

B. Means. An objective is rational when the means for its achievement were done. But these means can be of different types:

- *Adequate means* – the ones through which use we can achieve the purpose;
- *Inadequate means* - the ones through which use we cannot achieve the purpose.

In the interpretative step, a certain purpose can “play”, according to the context, the role of mediator between finality and activity, namely an activity can be objective or a mediator to the achievement of the purpose. Therefore, the objectives which do not have at least a precedent we call *final objectives*, and the ones which have at least a precedent objective we call *intermediary objectives*. If the achievement or the non- achievement of the antecedent objective can influence the achievement or the non- achievement of the prior objective, we say that the two objectives are in a relation of “weak” dependency. Similarly, we have the “strong” relation of dependency or the “indifferent” one.

C. Activities. In our interpretation we will consider human action as a teleological behavior, an adequacy of the behavior to the existent situation and to the targeted purpose. Between the activities and the purpose there is a relation of interdependency: if the objective determines what it targets, the activities mention *when, who, how* and *by what means* the assumed objective will be done.

D. Objective - efficiency/effectiveness. Not everything that is efficient is also effective, as well as not everything that is effective is efficient. We refer now to the action of the economic action. A completely efficient action implies a partially efficient action, vice versa the condition is not true.

From a hermeneutical perspective, the complete failure is generated by partial failures. Likewise, we can say that an action which is partially efficient does not guarantee the achievement of the objective. The hermeneutical perspective is the following: a partial error does not necessarily mean a total failure. The interpretative step must begin from the hypothesis that when the objective is not achieved, the partially -efficient preliminary actions must be inventoried, but when they achieved their purpose we must not exclude the analysis of the intermediary phases/ actions.

The indifferent action is neither a success nor a partial failure, it implies partial non-efficiency or a partial non- inefficiency, but it can be also a potentiality which must be valued.

The relation efficiency/ effectiveness is very debated in the economic theory. From the interpretative perspective there cannot be efficiency without effectiveness

and no effectiveness without efficiency. The relation between the two categories is presented in picture 1.

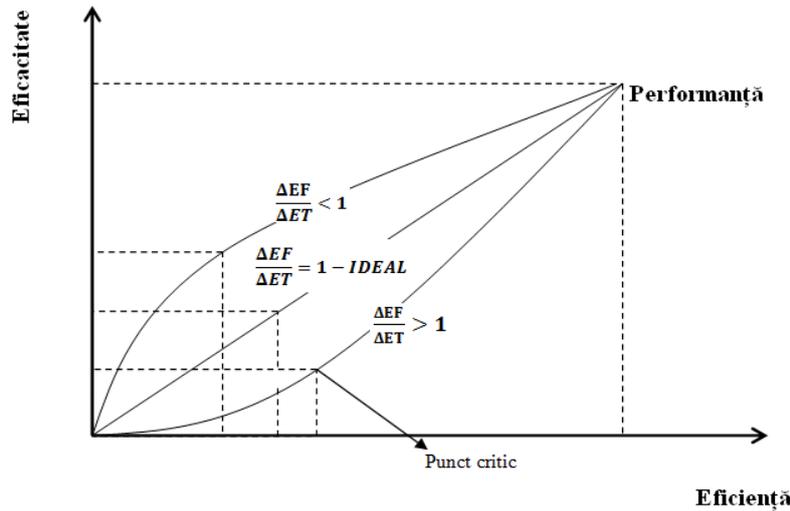


Figure 1. Efficiency/effectiveness

$\frac{\Delta EF}{\Delta ET} = 1 - IDEAL \rightarrow PER_{max}$ (its way of reaching): the elasticity towards effectiveness is "1";

$\frac{\Delta EF}{\Delta ET} < 1 \rightarrow PER_{partial}$ (the way of reaching is predominantly through effectiveness);

$\frac{\Delta EF}{\Delta ET} > 1 \rightarrow PER_{partial}$ (the way of reaching is predominantly through efficiency).

The way which was used to assure a level of performance can be shaped by help of a function of elasticity. The value "1" corresponds to the ideal direction. A sub-unitary value corresponds to the way leading predominantly to effectiveness, while a value which is over-unitary corresponds to the way leading predominantly efficiency. If the effectiveness is not achieved, we head towards non-performance.

For a fair interpretation of efficiency from a praxeological perspective, the introducing of the functions of *advantage* or *insufficient facilitation* (Hpq), of *prejudice* or *partial embarrassment* (Npq) gives new openings, namely there are two types of facilitations: facilitations which make possible the achievement of the objective and facilitations which get close but do not make possible the achievement of the objective (Hpq); similarly, we have embarrassments which do not make impossible the achievement of the objective (Npq) and the impediment or the total failure of the targeted objective.

If we look from the perspective of the manner of influencing the relationship, we have two situations:

- relations where the agent/ action influences the objective (facilitation or prejudice);
- relations where the agent/ action does not influence the objective (the influence and the indifference are complementary).

We will consider that:

- an action is efficient if it assures the achievement of the objective;
- an action which assures getting close to the objective is partially efficient;
- an action which leaves the closeness unchanged is indifferent;
- an action which impedes getting close to the objective is a partial failure;
- an action which impedes the achievement of the objective is a total failure.

5. CONCLUSIONS

Ion Coordonescu said that in order to decipher a message, one must always consider the hidden meaning (Coordonescu). The starting point of this knowledge process of social life is the understanding of the actions people perform in day-to-day society. We recommend a qualitative analysis of the economic phenomena implying the understanding of the agents' behavior. By understanding we mean breakthrough, grasping the quintessence of the manifestation of the economic phenomena. We are talking about a profound understanding using reflection that allows us an economy interpretation based on:

1. People are by nature both selfish and altruistic. To ask them to give up their own interests means to act against nature;
2. In many cases, the own interest does not converge with the common, because if so, there would be no limitation own- common interest, no diversity, there would be only an uniformity atypical for human survival and evolution. Consequently, the free market theories must consider the tension between selfish and common interest;
3. There are no favorable conditions for the manifestation of private interest without freedom. However freedom is not a result of unlimited democracy, chaos, but of limited freedom. People need guidance and constraints to be free leaving unrestricted others' freedom;
4. The 'economic agents' rational and moral behavior' hypothesis is refuted by reality. Economic activity is partially governed by uneconomic reasons, by "animal spirits";
5. Markets respond to the consumers' desires, but to the extent they do, they can compromise other wishes and needs. Consequently the excessive dependence on the mechanism of the market must be avoided. Ethical standards must be "brought" from outside, from public ethics and guaranteed by law.

The theory of interpretation must not be circumscribed to judgements or enunciations accepted or believed because of the authority of some doctrine, be it liberal or interventionist, but transposed into correctly formulated questions (a *recondite* logic), into answers that open a path to other questions, into answering patterns and intuition and reflection. We choose the risk of "missing" the truth to the "possibility" of falling into error. It is better to surrender to the fear that we might be wrong, than to give up the hope we might be right. For all these reasons, the axiological interpretation, the behavioristic - institutional and the praxeological interpretation must be included in the economic sphere.

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