

The Political State

“Nowhere is freedom more important than where our ignorance is greatest -
at the boundaries of knowledge, in other words,
where nobody can predict what lies a step ahead.”

Friedrich A. Hayek

Economics lies between two limits of sense: the non-rational fundamentals of the problems and the political consistency of the solutions. When contriving its content, the Economy does not operate with measures testable in the order of their certitude, and when it has to finalize the solution it gives way to political decision.

Nor at the micro or macro levels do things order differently. The solutions to the problems of production and of the producer or of consumption and of the consumer are preeminently subjective, as are the solutions to the problems of resource allocation, transfers, investments, exchange etc. Rational calculus is an almost ornamental supporting element in economic decision making. It is the jewel in the set of academic finickiness which the actors of economic life consider too old fashioned. They wouldn't bring it out not even when applying for an MBA degree or when obtaining their PhD in any domain!

Between the understanding of the problems of the economy solved by Economic Science and the solutions adopted in day-to-day business activity there is a huge gap not only of consistency but of vision, too. If theoreticians opt for highlighting the rational ingredients in economic processes, often resorting to the exhaustive observation of rules and regularity in a manner inspired by the successful epistemic adventure of Physics, the practitioners, as members of the business community, turn to inspiration, as well as to opportunity, conjuncture, show of force, crediting prestige, compensating sentimental failure, exerting authority, confirming power etc. In few cases, even as an exception, do they refer to the suggestions of scientific analysis, invoke the infallibility of concepts or choose among alternative solutions.

The only escape in the space of epistemic rationalization is the fall-back on guides for solving case studies, in the manner inspired by the tradition of jurisprudence, but which most of the time are influenced by particular perspectives, exaggerations of the perception, bearing the feel of the moment etc. The relative boom of the literature for practical advice in economy skews the rational determinants of the decision, creating an environment for inadequate solutions.

Especially because it is a human activity, the Economy does not have classifiable problems, with dictionary solutions, not even invariable methods. In fact, Economics is a science of the economical contexts, infinitely multiplied by the ineffable constant called man. This condition imposes non-determinist and non-rational behaviors to all possible variables, including to time by subjectivization.

He who expects exact solutions from Economics is bound to failure. He who intuits that Economics offers visions within the bounds of which problems are thought-of, the relations between variables are identified and the

effects of variations are approximated, will have a chance of success in the economical sense.

The temptation to physicalize Economics, to exaggerate with the virtues of empiricism, to standardize solutions and to believe in regularity traces in the history of science the path of sterile formalism. The ambition of reducing the Economy to a combination of quantitative factors and to help establish the fundamentalism of the efficiency is akin to reducing life to chemical formulas or to explaining human nature as an effect of the unification of the physical forces of the world.

Conceiving Economics as a science of exact mechanics is a prolongation of the propensity towards Utopia, meaning the sort of society in which human nature will not be different from the mother nature, will obey invariable laws, will not taint efficiency with sentiments.

In such a world the rational fundamentals of Economics and the mathematic solutions to the problems of the Economy will be possible. One essential thing won't be possible: the performance of human nature of being the source of change. And without change, incertitude and risk the Economy will be anything but a human activity: it will dispense of man or accept him as a consumable resource at most.

Economics is not, in the true sense of the word, a science, being in equal measure an art of rationalization, where meaning is born both by precision and approximation, probability and supposition, rigor and tolerance, certainty and expectance, primal cause and ultimate cause, the maximum and the minimum etc.

The economic calculus is exact only by chance and is imprecise in all other situations.

The transfer of the decision-making to the politics is not an abdication from the condition of science. It is, in the end, the only way of not dispensing with man by ceding the privilege of decision-making to man in his elevated state as the exponent of social interests. The political solving of economical problems saves Economics from losing itself among dilemmas such as efficiency versus equitability. In fact, in order to be a science in the modern sense, Economics should reduce human nature – as an universe of rationality and sentiments, to the human condition – as a work resource.

Because Economics dealt with problems with non-rational fundamentals (expectancies, hopes, ambitions, frenzies, identifying, compensations, etc.) it did not have any other choice than to admit the political consistency to the solutions of rationalization, choice, scarcity, optimizing, redistribution, etc.

As much as it is science the Economy is political. The rest is technology.

Marin Dinu

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