

The crisis of winning

"I hope that one of the sacrifices of this crisis will not be financial self-regulation, as the main mechanism of equilibrium in the world of finance."

Alan Greenspan

The increasingly manifest inadequacies between the solutions of economic theory and the results of reality's evolutions point to a significant fact: the economic theory is in crisis! More and more people seem to accept this truth.

Somewhat distressed, the recognition of the crisis affects the prestige of economic theory twice: once through self-blaming, and secondly through silence over the fundamental causes of the crisis.

Any lucid analysis reveals a sufficiency of the theory when things seem to go well in reality. The theorists draw praise for having explained the functioning of the horn of abundance. When prosperity no longer flows in waves from the eternal spring, the theories are called to the stand to answer for it. This is what's been happening since coherent visions exist on what Economics might be.

Beyond the story though are the causes of it. With the risk of stirring heresy, the error in which economic theory is found presently must be named: its power of description convinces amphitheaters yet leaves the markets indifferent. The explaining is completely separated from the rule-making.

The shift in behavior has accentuated in the last century. This is how the theory has dissolved in analyses of opportunity for profit. The meaning of what has emerged was the empire of speculation built on instruments yet to be licensed by the theory.

In focus, the situation looks like this: on one side the world of theory with its rational-type characters and, on the other side, the world of profit, with soldiers armed with the weapons of speculation and of winning at any cost.

Economic theory, in its classis guise as a theory of the rationalization of human behavior, has become useless to the interests of absolute gain. Any hedge fund CEO believes in deregulation. Therefore he has no need for economic theory. Actually, profit is conquered with legions of speculative mercenaries and not with laureates of the Nobel Prize in Economics. When the latter got involved in speculation, the result was bankruptcy. So, the demonstration has been made. In an age of empiricism there is no fit for theoretical debate. A CEO is qualified to win and offers the substance for empirical case-studies. The end.

The fault line between the explicative model specific to economic theory and the active model of self-sufficient profit amplifies. The theory becomes somewhat timorous when the disaster in the economy happens. For instance, it uses shy concepts, as in the case of the present global economical crisis, which it initially called – and still keeps branding it – a simple disturbance of the financial markets.

It is not that important, in the end, that a theory does not have a solution to what is happening in the global economy. What is fatal is the abdication in front of speculative irrationalism as a practice of the financial markets and the incapacity of limiting the disaster through invoking the urgency of resorting to the rational instruments forged by theory over time. The "mea culpa" done in the 12th hour by some of the sacred monsters of profit would deserve to be exploited because it is – essentially – a recognition of the merits of theory.

The regulation of global financial markets throughout all their innovative compartments means the adoption by everyone of the straightjacket of the rationale and rationality; the steering of the economy toward the defining values of economic theory; the re-instatement of the essential tension which insures the unity between theory and reality.

The preeminence of determinant solutions in the fight for profit is not just a contradiction of the intellectual experience of a rational type but also an attempt to test the post-modern project in its last dissolute consequences over human nature.

Lucrative excesses calling upon the autonomy of human condition open a deviant path in hominization as an on-going process of human nature. On this path, the specific meanings of the goal-means relation which structure humanity are suspended. That which belongs to the human condition undergoes a perverse metamorphosis of consistencies, from the ones as means toward the ones as a goal in themselves.

In this reversed universe, human nature collapses under the impact of the process of making the values of human condition profitable. Man is just workforce, imperfect part of the a-human mechanism of profit.

Hoc est cadaver, sepulchrum extra non habens...

Marin Dinu

Contents

Assets. Biological Assets. The Seasonal Model in Agriculture	
■ Atanasiu Pop, Sorin-Constantin Deaconu	3
The Correlation between Fiscal Policy and Economic Growth	
■ Laura Obreja Braşoveanu, Iulian Braşoveanu	19
The Analysis of the Potential Environmental Benefits by Investigating the Hedonistic Price	
■ Giani Grădinaru, Raluca Ignat	27
New Trends for Re-design the IT Companies	
■ Gheorghe Băşanu, Florin Ioniţă, Daniel Savin	37
The Dividend – a Source for the Development of Companies or for the Growth of Market Value?	
■ Petru Prunea	49
Geometrical Methods in the Study of Some Dynamical Systems with Applications in Economy	
■ Dumitru Bălă	55

Note: The authors are responsible for the content of their articles and for obtaining necessary permissions.

Text revision: Gabriela Ochiană

Computerized drawing up:

Nicoleta Bobocea

Cover: Alexandru Ion

Subscriptions distribution:

Viorela Petrici (021/312.22.48 – int. 24)

Data base indexation:

Research Papers in Economics (RePEc)

<http://www.ideas.repec.org>

Directory of Open Access Journals (DOAJ)

<http://www.doaj.org>

CNCSIS categoria B+

www.economieteoreticasiaplicata.ro; www.ectap.ro

Reception of texts: economia.ta@edeconomica.com