

## The double correctness

*“Economic rationality is like the Shakespearean city of Verona in the excessive consummation of the relationship between economic theory and economic practice; they seek to one-up – both in expectance and feedback – the other’s initiatives provoking the pleasure of risk taking.”*

Cognitive mechanisms are, paradoxically, quite confused when they rely on parsimony. It was the simplification, for instance, coming from the determinism of economic theory and practice, which gave a much too univocal sense to the economicity as a state of rationality, with the practice-theory construct being left only with the chance of limiting itself to the sense given by the principle of efficiency. The mathematical reduction to absurdity, transposed into the formula of *ceteris paribus sic standibus* in Economics, has favoured the linear relation and the materialist perspective in the understanding of economic action.

The bodies of economic theory and reality have come together in a particular way, lacking in feelings. Economic rationality is like the Shakespearean city of Verona in the excessive consummation of the relationship between economic theory and economic practice; they seek to one-up – both in expectance and feedback – the other’s initiatives by provoking the pleasure of risk taking.

The reciprocal influence between the theoretical models of the economy and the economic reality is if not neglected, then little understood by both the theoreticians and the practitioners. The peak of the misunderstanding happens to be visible within the corps of the economic policy makers, especially when these instruments are being inefficient in managing the effect of the present crisis.

The picture becoming ever clearer is that the theory contradicts its function as a source of efficient action, while the practice applies without criticism the recipes for the combining of the development factors, thus producing crisis.

Epistemologically we find ourselves faced with the consequences of what the physicists call – when contemplating the understanding of the world – the model dependent realism. The economic reality is made in the image of the theoretical model, thus surprisingly making the crisis an expression of the economy’s configuration by the rules of the theory. In other words, the economy is what we know it is from the theory which has provided us with the guidelines for what it is!

Things were not any different in the economy of the last decades, where we can witness the trend of avoiding the space of economic rationality in order to follow efficiency targets. The parsimonious goal demanded for its completion the use of the efficient paths of fictitious money, which derailed the economy from its natural function (e.g. commercial transactions) and bringing it into the realm of casino speculation. Efficiency is freed from its constraints as a social function of the economy, becoming unlimited in the realm of the fictitious instruments of value.

Economic theory has supplied practice with speculative instruments at a rate in accordance with the exuberance of the quick gain: continuously and in greater numbers. The practice applied the rule of the self-stimulating efficient performance without

worrying about the unexpected consequences of excess. The short-term and the accelerated multiplication of added value have become the two limits in the understanding of the purpose of the financial agent as the sole market-maker entitled to exist.

This predicament of the efficient behaviour is a hard to conceal measure of the power exercised by the theoretical model of the economy in the configuration of economic action. The finality of the transactions is the usefulness of the exchange, which is generated by the needs of welfare. The compression of the transaction's rational component and the expansion of the speculative component constitute a fact pertaining to the nature of a tragedy, in the relation between the theoretical model and the economic reality. Economics ends up abandoning its objects and the object's destination, while the economic reality kills itself by believing in the principles of the theory.

Today's crisis is a symptom of this unnatural relationship between the reality and the model. The necessary understanding for the avoidance or the diminution of the negative consequences must begin with the correct structuring of this relationship. This is how in fact the crisis of the reality must be acknowledged to have originated from the theoretical model. The expectation for coming out of the crisis can only be a rational feel of an actional emergency: the elimination of the excesses effected in the actional space of the efficiency function, both in theory and in practice.

We can bring up a state of correctness, as claimed by the normal functioning of the theory-practice construct in its entirety. The sign of this normality is the reassigning of the transactions motivated by usefulness strictly to the space of economic rationality. Speculation would thus prove to be an exception, a reminder of the failure to understand economic efficiency. The paths of efficiency from outside the space of economic rationality, which span the irrational structure of the underground economy, would therefore be avoided.

In an elegant manner for the epistemic ambitions of Economics, gain at no matter the cost would exit the usual arsenal of economic practice because it would no longer be a direct consequence of the standard theory, as it is now. In the same way, the instruments offered by the theory would be in accordance with the necessity for a correct functioning of the space of rationality, where rational alternatives compete with each other.

Hard principles like "too big to fail" – as claimed by mainstream monetary theory in the case of banks – would be banished from the realm of inspiring ideas, allowing the economy to function with inputs and outputs restricted only by the rationality of the free market.

By and large, Economics would find simplicity not through establishing the extreme ways of access to wealth and recommending the choices of maximum risk, but through theorizing the natural foundation of the economical, which draws its substance for the non-jumping nature. The economicity would be understood, essentially, as the instrumentation of the efficiency attached to the human condition in such a way that human nature would accurately reproduce the parameters for the equilibrium of life.

# Contents

<b>Proposal for the implementation of a fiscal rule system for Romania. Estimate for the reaction of the fiscal rule system to the output's shocks</b> Cristian Socol .....	5
<b>Aspects of signaling hazards and of identifying opportunities in crisis situations</b> Ion Imbrescu.....	13
<b>The lessons of the crisis on pension funds portfolio management</b> Dan Constantinescu .....	23
<b>The effectiveness of public policies and structural funds in enhancing tourism development. The case of Romania</b> Dragoş Dumitru Jaliu.....	37
<b>Some considerations regarding the use of the fix and chained basis indices</b> Constantin Anghelache, Alexandru Manole, Ion Pârţachi, Lorand Kralik .....	53
<b>Cultural heritage evaluation: a reappraisal of some critical concepts involved</b> Mihaela Iacob, Felicia Alexandru, Meral Kagitci, Georgiana Camelia Creţan, Filip Iorgulescu .....	61
<b>Romanian government bond market</b> Cornelia Pop, Maria-Andrada Georgescu, Iustin Atanasiu Pop .....	73
<b>Aspects regarding the analysis of the rationality of the buying decision of the Romanian consumer</b> Corina Pelău.....	99
<b>The influence of cluster type economic agglomerations on the entrepreneurship, in Romania</b> Adriana Reveiu, Marian Dârdală .....	111
<b>Controversies concerning the connection higher education – human capital – competitiveness</b> Liana Badea, Angela Rogojanu .....	125
<b>Consequences and possible solutions of financial crisis</b> Alexandra Adam, Silvia Elena Iacob .....	143

**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:

**Nicoleta Bobocea**

Subscriptions distribution:

**Mircea Dinu**

Tel./Fax: 021/210.73.10; 021/210.63.07  
021/210.63.08

Data base indexation:

**EconLit**

<http://www.aeaweb.org>

**Research Papers in Economics (RePEc)**

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

<http://econpapers.repec.org>

**Directory of Open Access Journals (DOAJ)**

<http://www.doaj.org>

**EBSCO Publishing**

<http://www.ebscohost.com>

**International Consortium for the Advancement  
of Academic Publication (ICAAP)**

<http://www.icaap.org>

**Cabell's Directories**

<http://www.cabells.com>

**CNCSIS B+**

[www.economieteoreticasiaplicata.ro](http://www.economieteoreticasiaplicata.ro); [www.ectap.ro](http://www.ectap.ro)

Reception of texts: [economia.ta@edeconomica.com](mailto:economia.ta@edeconomica.com)

ISSN 1841-8678 (Print)

ISSN 1844-0029 (Online)