Economic Awareness—Cultural Basis and Perspectives

(Case in Bulgaria)

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Welfare of nations largely depends on adequate economic behavior and attitude of individuals. Formation and development of economic awareness for the quality performance of these characteristics is required. In this connection, on one hand, it is necessary to realize the things that could not be avoided. It is considered the most important, according to the author, proven its authenticity concepts: Homo Economicus and Homo Ludens. On the other hand, there are things people need to learn. In this case, the most significant moments are impossibility for people to abstract from their national identity. When the economic models are developing, it is mandatory they should be consistent with national characteristics and folk psychology. This is the dynamic of “our” time. In terms of hipper-modernity in building of new concepts, flexibility, combinativeness, and creativity are required. However, it is impossible to happen without knowledge and understanding of classic ideas.

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Introduction

How the economics is philosophy?

Of course, every science has its own philosophical foundation. All basic ideas and all economical concepts undoubtedly possess philosophical aspects. For that reason, when someone reads and dissertates over the “abstract” literature, he or she could explain the economic processes and give qualitative definition for concrete regularities, only if he or she relies on the general philosophical ones.

Bucay (2012, pp. 7-8) wrote “the manner is to find the road, which leads there, end to set out on it. It is possible to set out alone, but latter, with wonderment to meet everybody who certainly go on the same direction... however there are roads, which are part of all mapped routes”.

For building adequate economic behaviour and attitude, it is necessary to realize the following:

1) There are things, which people cannot escape—these are objective regularities;
2) There are things, which people must learn, if they would want to move forward successfully—knowledge of objective social phenomena.

The implementation of this cognitive process requires the formulation and development of economic consciousness.
The Model

The concept of market economics is determined over the perception for the human nature as personality. It is believed that the realized freedom of every separate person is a supreme principle of the social contract. For that reason, the state is perceived as a tool, whereby the people follow and realize their individual egoistic economical interests and goals. In this point, the state’s mission is entirely confined to protect the individuals. They are convinced that unrestricted pursuit of their own goals serves to achieve the general economic well-being. In the base of every person, activities stand needs and interests. Not accidently, there have been developed so many theories of motivation (Hristov, 1999), which economy researches constantly.

The philosophy of economical rationalism on one hand formulates the rule, when everyone looks for profit for himself or herself, the economic agents are offering these goods and services for making less expenses and achieving the highest profit. On the other hand, the customers are purchasing the goods and services, which have the lowest price. The free realizing of principles’ maximalist and minimalism is that kind of “an invisible hand” orientating the separate individual interests (Yonova, 1999) towards the overall economic benefit. For this reason in order to be free, one market economy is necessary for the state not to interfere with economic processes and to perform only a monitoring function (Hartman, 1992).

The total liberalism, however, is fiction (something imaginarily). Practically, the state and particularly state institutions, whereby it functions, realizes the emergence of formal market, and in some degree regulates it. From here this paper could make the conclusion that the market behavior as a concept and as a reality invariably is connected with the policy. Based on the politic model, it stands the specific economical interest of participants. Then there arise the questions:

1) Why do people connect the crisis only with the markets?
2) Are the crises not a product of different politic decisions?

For a long time, there is an underlying opinion that how all financial and economic crises are artificial. They appear as a result of unrestricted political power. That kind of power exists in undemocratic societies—totalitarian ant with manifested dictatorship. In these societies, the politicians are seen as dictators, who claim that the crises are unavoidable and that they try to make them as light and smooth through the state intervention in the economy. “According to their idea, the cause of a cycle is the business or laissez-faire and the government ought to intervene with countercyclical programs to mitigate it. Actually, the situation is extremely opposite” (Mizes, 2010, p. 103). It should be noted that the government regulation is applied and it is in democratic social systems.

One of the many possibilities which the author could offer is the management of economy by experts, but not by politicians, i.e., to implement a separation of the economy from the policy. A separation in the meaning of more requirements on politicians which citizens choose claims to the three branches—executive, legislative, and judicial to guarantee both freedom of choice and rights of consumers.

In order to have functioning economy, it should have:
• to establish an economic strategy on which to take part specialists from professional and scientific area;
• to be effected audibility among different point of views;
• to achieve consensus decisions.

Largely, to regulate the formal market would contribute the public non-profit organizations, which take an active position in evaluating the production quality, consumer protection, etc. Actually it is civil society in action.
Therefore, it is needed:

- strategy, built through collaboration between politicians and specialists;
- legislation, the action of which is guaranteed by independent judiciary;
- civil society, which should guarantee a transparency in economic realities.

Without effective economics system, it is impossible for real social progress to exist (Maurice, 1989). In the terms of economic and subsequently the moral crisis, in which there are many countries today, the progress as the reality increasingly sets in doubt. From this position, the idea for development is more and more attractive.

The road of development covers multiple elegant theories, which are created over the simple principle—the welfare of the nation. The next step includes building strategy consistent with the number of elements: geographic location, economical and historical specificity, folk psychology, prospects of demography, natural resources, and technologies. In the other words, it is necessity to build a comprehensive (holistic) approach, as on every step, the level of the economic awareness is to be considered.

Undoubtedly every country has specific characteristics of development. In a smaller country, such as Bulgaria, the opportunities for regulation should be bigger. In the concrete case, it is remarkable that the population in this country is much less than that from one big city, mega polis, and at the same time it could not regulate enough itself economical phenomenon. It supposes that facts which are not used (for instance geographic location and natural resources) are being observed.

Whether the cause of failure is the lack of initiative? Bulgarian as a person is learnt to survive and to be not creative from economic point of view, because creativity requires risk. Exactly the survival strategy characterizes with application of lest risk elements. Might there be a solution. The solution is connected with the road, which every person has to walk with a bigger responsibility and awareness, a higher economic culture, and more elevated consciousness. “In other words, the culture becomes crucial for every person and society, which he or she presents” (Kaprieva, 2006, p. 205).

The economic awareness has itself a huge meaning both for the society as a whole and for the individual as well. Furthermore, raising economic security and welfare of Bulgarians inevitably would lead to increasing the public economic security both in scientific and practical aspects.

**Things That Could Not Be Avoided**

The things that people could not avoid are the objective regularities of social development. In the basis of the economic science as well stands such kind of regularities. The science has the task to discover them, to rationalize them, and to create the models for impact. As opposed to current laws of nature, these of social development are objective, but they manifest through the subjective people actions and this infinitely complicated the process. Intervening factors, such as individuality, cultural identity, folk psychology, specificity of generations, and thus, were born with different theories of human behavior.

From the author’s point of view, some of the most important models are below.

**Homo Economicus**

This model for human behavior accepts that all people have unlimited rationality, personal interest, and free will and are effective in their decisions and choices. It is postulated that the economic agents have all the necessary information for decision making; they are in condition to calculate the value of different options,
which faced; and they are unencumbered in weighting the consequences from every potential choice. Hereby, it is expected logical and reasonable solutions from economic agents. According to the market theory, when wrong solution is taken by a person, then “the invisible hand” is being activated trigger (Buholts, 1993), so as to implement the long-term forecasts.

The economics is based on the rational motives and principles of movements. The rationality is a concept, which is difficult to give a synonymous definition. It is connected with the mind, the strength of evidence, and the obviousness of a rational decision. The variety is only an illusion, which after being removed shows the simplicity of the logical decision. The economic behavior enforces necessarily a choice and a precondition for the limitation of economical goods.

Today, in the specialized literature here, considerations have appeared which disprove this conception (Arieli, 2012). It is indicated that the theory Homo Economicus, based over the traditional economics, is often wrong or in general could not explain certain phenomena. A problem of the present day is the question for market efficiency of functioning economy or more concrete, the lack of this efficiency. However, the economists should not completely deny this model, it also contains rational elements. Every person in his or her economic activity meets the alternatives, ranking them over their significance and in the end choosing the most appropriate for him or herself, according to subjective perceptions. The activity of development of new tools and new strategies would not make sense, if the markets had been so effective that they could explain all the phenomena.

The outcome from confusion on the issue of the market economy is in recognition of existence of equilibrium level for inefficiency of market. This means that at markets always present components, in particular, but not very large degree, lead to inefficiency. In other words, the model is neither unsolved nor more limited from the others. As everyone knows, each theoretic model is idealized in practice to be explained more easily for the masses. The specialists just have to start to interpret innovatively, differently.

**Homo Ludens**

Of course a person loves to play; this is his or her natural state. In support of this thesis, a coherent concept called a game theory is built. This theory is explained with making strategic business decisions in complicated and conflict situations. According to the theory, a zero-sum game is that the profit for one business player inevitably is a loss to another person or group. Despite the claim of Pendel (2012, p. 54), “… quality of life is not a game with a zero-sum result—just the opposite”.

One characteristic of people is that from one point of view, they possess a competitive spirit; from another point of view, they possess a desire for excitement. In this connection, there is occurred frequently betting against the benefit of a future event with uncertain outcome in order to remuneration or profit.

The remuneration is found outside the field of play. It means consideration (payment) employees for any work in employment. People do not play for remuneration, but they work for consideration (Hyoyzinka, 1982). The profit as a concept, however, exists as in the game sphere and in the economics science, too. Striving of both the economic agents and the players is to achieve profit.

Tendency of people to dream to get something to nothing is connected with their propensity to participate in game of chance. The playing man is ready to an unmeasured risk. This is most evident when a person plays hazard or speculate. In the first case, the agent will agree that his or her actions are a game but not in the second one.

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1 The title is borrowed from the book of Hyoyzinka: Homo Ludens.
In a period of time, it has been assumed that the best investment decision is the purchase of shares of high-tech companies. After that the www.com bubble has burst. In the next period of time, it is said that the best place for investment was putting money in real estate. Afterwards again without notice, bubble bursts. For that reason, different models are developed and key factors are sharply outlined, which allows identification of investment bubbles. The sequences of investment bubbles’ steps are determined from the fact, as more people are interested in the rapid accumulation of wealth, so more people are burning of impatience to join the game. The game has to be treated as separate, basic factor in the economic, rather than as essence of this activity.

Purchase and sales of assets based on predictions of price movements are elements of the economic reality. For this reason, millions have participated in “games” in the field of real assets through unrealistic assessments of real estate, subprime mortgages, etc. In gambling as well as speculations, the main goal is to make a profit. Gambling may be recognized as blind accident of chance. With the speculation, however, the player usually thinks that profit is a result from pursuit of entrepreneurial skills (Gabaldon, 2001). Differences in mental behavior are minimum.

**Things That People Need to Learn**

Knowing the objective social phenomena is the things, which people have to learn if they want to continue successfully.

The most important moment in the case is the nationality.

A folk psychology is a real phenomenon. Any attempt for an economic thesis to abstract the psychology and more concrete to ignore the folk psychology is doomed to be incorrect, especially with regard to management of socio-economic processes.

Even the most experienced economists cannot escape from national characteristic imposed in their mind, forming over the years from birth to professional realization. This is the behavior from which it is almost impossible to escape. Actually all public laws, including economic laws, although objective, are carried out through the conscious activity of people and when subjective attitudes remain out of sight of the researcher, models are transformed into abstractedly economic one. Therefore, the standard deviation under calculating the value of the forecasts inevitably will be considerable.

Moreover, the past cannot be avoided. It is impossible for past solutions not to affect current ones. The behavior models are created through aping, as the most significant is the influence of the social group, from family to friends or professional circle. Furthermore, they (models) are superimposed as stereotypes of many generations. They are out of the frameworks of individual behavior of each member of society and become a part of the whole (the overall national behavior). Then does it have categorically to deny the establish stereotypes for economic behavior of the people? Then does it have to begin to bow to a new science (Arieli, 2012), such as the thesis on the theory of a behavioral finance?

Homo Economicus and Homo Ludens are proven concepts, but the economists should assess how to conform to national characteristics and folk psychology. As a proof of this, they could point the plurality of foreign economic models, for instance, an Argentine model, a German model, etc., which are effective in this country but applied literally in the last 25 years in Bulgaria and do not work for that very reason:

- What about countries in transition from planned economy and state monopoly to market economy?
- What could be said specifically for Bulgaria and Bulgarians?
CULTURAL BASIS AND PERSPECTIVES (CASE IN BULGARIA)

- What is the economic awareness of a person who has lived principally in a different reality in socio-political and economic plan?

These people could share things, which few world scientists have experienced: classical capitalism before 9th of September, 1944; socialism until 9th of November, 1989; and transition nowadays.

(1) The classical capitalism: a system that is based on private property over the means of production and used for profit in terms of relatively free and competitive market.

(2) Socialism: a system of state management applied not only in Bulgaria but and in other countries from South East Europe, too. The general characteristics had been a centralized political system, a planned economy, and a party state ideology. The proscription for the majority of the people to develop economic and political initiative and to be responsible for consequences not only questioned a collective rationality of state rationalism (the critics call it a totalitarianism), but also became an anti-initiative accelerator. This led to appearance of a specific form of resigned behavioral strategy with anti-leadership attitude.

(3) Transition: a turning point in 1989 when the European Second World (as the Westerners called post socialists states) disappeared. Every separate society from the East Europe, including Bulgaria, “was moving further along in their fundamental economical, political, and cultural changes” (Genov, 2011, p. 34). The slogan “back to normality” became particularly popular. There was a transition period to democracy and market economy. Concepts, such as restitution and denationalization (privatization), have sounded continuously in the media. The sharp acceleration of social time only leads to short-term rationality and striving to get rich fast for some segments of society without any responsibility for economic development.

For that reason, many people are questioned: “What await us—democracy or pseudo democracy”. Undeniable fact is that the economic transition to market economy has been paid with serious social costs. Adversities (burdens) of the people during transition were and continue to be large. By incomes, Bulgarians are ranking at the last positions in Europe and the prices are comparable to European (most food prices are higher). This problem leads to building of a specific behavior. This kind of behavior has both positive and negative aspects. On one hand, Bulgarian is a Balkan individualist who wants to be near to the power, so as to use a number of benefits, he is selfish thinking in behavior, calculating. On the other hand, the Bulgarian are eager to chance the conservative environment to abandon “narrowness of a small owner and a dark miserly climate” (Danchev, 2002, p. 88) and to join the European family. However, the specific folk psychology of Bulgarian makes him especially adaptive in the survival process, but undeveloped economic awareness leads to inadequate initiative and adventurousness.

Although, today Bulgarian is financially unstable, he traditionally seeks to possession of fixed assets because,

The private property, this is the guild’s measure for person. You could be very clever, you could be not bad person, but if you do not have a private house and a private capital, you could never get into the “good people” circle… But, to get private eaves and a private capital, the guild’s economy balance always has to finish with excess. But as in his income part, it predominates the small figures law then the same law to bigger degree pulls with his expense one. (Hadzhyski, 1966, p. 78)

Somewhere was writing that the easiest thing is to feel poor, when you have your own home. Eighty percent of Bulgarians are namely those. Nevertheless, they are always waiting for someone from somewhere to come and save them, instead of finding out an outcome for themselves.
This is typical for so-called “a transition generation” who has been formed under socialism, but forced to realize in a completely new and unfamiliar realities of the transition. The new economic awareness of this generation had to be built immediately and this is unnatural. Is it surprising that the transition realized namely from them has already been dragging into 25 years? It does not forget that those are parents of now being realized young people and they also have difficulties in adapting and implementing under the new conditions, because any kind of development from the old to the new must be built up on succession.

Conclusions

The different theories (concepts) of people’s behavior carry a various aspects of socio-economic problems. The absolute of any of these would be wrong, as a human behavior is determined from multiple factors. While ignoring the rational ideas in theories would be limitation, modern models should be innovative and depend upon the situation benefit from these ideas.

The dynamic of “our” time is such that requires knowledge of the old (classic ideas), flexibility and combinativeness in new ideas building, and creativity in their application. For this, it would help an in-depth research of economic awareness and perhaps popularization and creation of economic culture.

References