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Title: Ethics in Economics and the Geoeconomy as a Synthetic Approach

Abstract

The very understanding of market economy and the approaches to modeling it in Russia were seen as quite simple and linear, that is to carry out denationalization, to make a lot of proprietors and let them trade freely. But when market-style reforms did not bring the expected economic progress in a short time we came to realize that market economy and free trade are not the same.

The author develops the idea of market economy as a socio-economic system with its specific institutions, norms, values, and relations that are beyond economic processes and relations in their narrow sense. The interrelation of economy and ethics bases upon ethical imperatives, civil behavior, social responsibility, liberal values, democracy, and respect for human rights based on the principles of humanism and justice. The geo-economic atlas is described in short as a multidimensional theoretical model of the world economic. Basic approaches to the inner relations of the economy and ethics are shaped.

A new type of a local system needed for the innovation economy of Russia based on the synthesis of economic and non-economic factors is identified. Terminologically this type is described as “an intellectual valley”. An intellectual valley is a large local organisational population of an innovative type, able to develop dynamically according to its own inner laws absorbing geo-economic, socio-cultural, civilizational, and spiritual spheres of a geo-economic space in unity.

Institutional aspect of an intellectual valley includes the whole system of organisations and institutions involved in the R&D process.

Structural-functional aspect of an intellectual valley includes all the aspects and parts of the economy structure that influence the R&D process: product companies, marketing system, etc.

Scale-spatial aspect of an intellectual valley includes all the localized parts of the system placed in a certain region but integrated into a global system.

An intellectual valley is the form of the productive-intellectual-cultural synthesis of technological, economic and ethical values, behavioral patterns, relations, rituals and so on. Professionalism in the newest areas of science and technology really ensures a strategic role of intellectual local structures of the world growth.

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The topic of the conference is extremely important and urgent in global sense within the modern post-crisis context as a whole.

The problem “Ethics in Economics” is of special importance to the development of Russian economic science and of the national economy of Russia. The matter is that traditionally the Russian economic science used a narrow approach in researching the economic processes: it studied the economic laws, tendencies, processes, and indicators proper. It examined a concrete economic dynamics, socio-economic statistics, forms of ownership on asset, etc. The role of ethic, cultural, and civilizational drivers of the economic growth was underestimated. That is why the very understanding of market economy and the approaches to modeling it in Russia were seen as quite simple and linear, that is to carry out denationalization, to make a lot of proprietors and let them trade freely. But when market-style reforms did not bring the expected economic progress in a short time we came to realize that *market economy and free trade are not the same*.

Market economy is a socio-economic system with its specific institutions, norms, values, and relations that are *beyond economic processes and relations in their narrow sense*. It is the field of ethical imperatives, civil behavior, social responsibility, liberal values, democracy, and respect for human rights based on the principles of humanism and justice. This is how I understand *the interrelation of economy and ethics in a wide sense*.

The ideas of a multidimensional and non-linear type of economic development are the basis of the geo-economic theory (Geo-economy). The Russian geo-economic school and its representatives (Ernest Kochetov, Alexander Neklessa, Valery Bokov) developed *a multidimensional theoretical model of the world economic space – a geo-economic atlas*. This atlas integrates geo-economic, geo-information, geopolitical, geo-cultural, ethnonational, and confessional spheres (“atlas pages”). Each “page” interprets different sides of the world development process.

I think to understand the inner relations of the economy and ethics the following approaches are important:

1. The interdependence of trust, responsibility, corporativism, risks and competitiveness.

Klaus Steilmann thinks that for the modern global process the main values are decency, loyalty, trust; strength and reliability of relations; unity and cooperation; truth and aspiration for knowledge; law, order, and discipline. But at the same time the joy of work or service; beauty, esthetics, and cultural traditions; love and faithfulness, as well as love to details as the quality of every achievement; universal welfare in business exceeding self-interest (*Штайльманн К. Новая философия бизнеса: в 3-х томах. Т. III. Конкуренция и ее границы. Москва–Берлин: Российское психологическое общество, 1998. С. 9*).

Russia sets the task to model modern innovation economy in the country. It cannot be done only on the basis of material drives in the form of high salary. The innovation medium relies on the following basic ethical values:

- personal contribution authority
- adherence to collective goals
- the feeling of involvement, participation
- trust
- community exceeding individual detachment and self-interest
- cross-cultural integration

2. The innovation process is inherently the intellectual genesis – the birth of something new. Intellectual realization requires special conditions and specific factors. The innovation economy functions on the basis of the following cultural values:

- a) openness, open access to information;
- b) horizontal connections, free communication, free manifestation and flow of information from many to many;

c) supreme value – intellectual freedom. Freedom to create, freedom to dispose of knowledge; freedom to modify knowledge; freedom to share new knowledge.

The declared transfer to an innovation economy in Russia must be based on the economy structural reorganisation, creation and activation of local systems and centres of the national economy growth.

What is meant by a local system in the economy? We think a local innovation system is a territorial economic entity, the area of generating new attainments. In such system the participants of the innovation process interact freely creating innovations and disseminating new attainments. Innovation local systems are characterized by high adaptiveness, mobility, flexibility, openness, freedom, dehierarchization, free communication.

It is very important to identify, describe and stratify the main types of local systems functioning in the innovation space. The proper terminology consolidates the innovative character of local systems (*Elena Sapir: Canup E.B. Геоэкономическое измерение локальных систем. Ярославль: ЯрГУ, 2004. С. 98-105*).

3. A crucial issue is the role and influence of intellectuality on the total progress of humankind. This problem was discussed by the Moscow Club of Scientists “Global World” (*E.B. Rashkovsky, U.A. Vasilchuk, K.M. Dolgov*). *E.B. Rashkovsky* basing on the works of Prof. Laszlo Ervin identified four main intellectual spheres determining the human resources of socio-economic development: science, art, education, religion ((*Laszlo, E. (1991). The Age of Bifurcation. Understanding the Changing World (Pref. by I. Prigojin). Amst.: OPA*). *E.B. Rashkovsky* rightfully talks about the *development* of the intellectual sphere. The inner dynamics of the intellectual work roots neither in the authorities’ decisions or groups or the ruling top’s transactions or compromises but in the inner human experience, every day activity or communication of concrete people ((*Раишковский Е.Б. Религиозная сфера и интеллектуальные ресурсы глобального человеческого развития // Материалы Клуба ученых «Глобальный мир». Вып. 1 (24). – М.: Новый век, 2003. – С. 13 - 14*).

4. The dialogue problem: the dialogue of cultures, the dialogue of civilizations, the dialogue of religions and so on, and so forth. One should not interpret “the dialogue” one-sidedly as “suggestion”, “suppression”, “denunciation” or “assimilation” of the interlocutor (“*Prof Dolgov K.M.*). On the contrary, the dialogue should be understood in the spirit of the century-old tradition that is on the search for truth and deeper understanding of oneself and others: therefore, on deep and benevolent mutual understanding, courtesy, kindness, cooperation, development, and support. And it is important not only in the sphere of spirit and thought but also in all spheres of human activity, first of all in the economy (*Долгов К.М. Философия истории, религия и наука в эпоху глобального развития // Клуб ученых "Глобальный мир". Вып. 1 (24). М.: Новый век, 2003. С. 47 –48*).

5. The role of intellectuals in social development. The lofty service of intellect does not have either a local or a global scale. The intellect is not limited or controlled by the administrative borders. Its field is a geo-economic atlas and the movement of thought around it. Intellectuals should not allow any “top circles” to interfere with their creative work, as their work is their honour and dignity. They should have courage to defend their work and dignity from the infringement of any “top circles”: politicians, ideologists, demagogues, nabobs and any sorts of rogues. They should maintain their professional dignity and right but at the same time they should to distinguish professional dignity from corporative interest and the right from privileges.

We made an attempt to identify a new type of a local system in the innovation economy based on the synthesis of economic and non-economic factors of the development taking into account a specific character of the economic growth in Russia. Terminologically this type is described as “an intellectual valley”. *An intellectual valley* as we think is a large local organisational population of an innovative type, able to develop dynamically according to its

own inner laws absorbing geo-economic, socio-cultural, civilizational, and spiritual spheres of a geo-economic space in unity.

Institutional aspect of an intellectual valley includes the whole system of organisations and institutions involved in the R&D process that is research and technology institutes, universities, private enterprises subdivisions, libraries, culture and information centres and so on.

Structural-functional aspect of an intellectual valley includes all the aspects and parts of the economy structure that influence the R&D process: product companies, marketing system, financial system, and all the subsystems within the systems mentioned above.

Scale-spatial aspect of an intellectual valley includes all the localized parts of the system placed in a certain region but integrated into a global system of information, employees, ideas, resources circulation.

An intellectual valley is the form of the productive-intellectual-cultural synthesis of technological, economic and ethical values, behavioral patterns, relations, rituals and so on. Professionalism in the newest areas of science and technology together with the skill of operating with high geo-economic technology on the global atlas really ensures a strategic role of intellectual local structures of the world growth. The key factors of the “Intellectual Valley” development are given in the table.

Key Factors of the “Intellectual Valley” Development

<i>Factors Group</i>	<i>Realization Forms</i>
Object of management	Innovative technological reproductive process
Denial of comprehensive administration	<ul style="list-style-type: none"> - absence of the organisation structures fixed forcedly; - decentralization of management; - absence of strict regulation of the organisation connections inside the structures; - creation of flexible market-strategic structures (modules); - variety of financial resources; - free access to resources
Nature of communication	<ul style="list-style-type: none"> - authority of personal contribution; - accuracy of tasks and fulfillment; - dehierarchization of personal relations; - breaking down of artificial barriers; - freedom of creation; - tacit knowledge - support of out-of-office sociality;
Motives and stimuli	<ul style="list-style-type: none"> - high professionalism; - great responsibility; - “nonfinancial” incentives; - opportunities to choose the place and time to do the task; - flexible work hours; - career development without privileges
Environment	<ul style="list-style-type: none"> - favorable psychological climate; - teamwork; - balance of global, regional, local interests

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