

Interdisciplinary Proportions in the Study of Economics

Odysseas Kopsidas

Aristotle University of Thessaloniki, Thessaloniki, Greece

The interdisciplinary approach is both the cause and the result of the synergy that develops between the various branches of Science. Economics lends and borrows tools and methods of analytical approach from other sciences in order to complete its contribution to knowledge. Thus the main economic problem related to the unlimited needs of the people and the limited means that exist to meet these needs begins with the theological teaching of the Old Testament and the expulsion of the protoplasts from the Garden of Eden. Adam Smith's "Invisible Hand" leading the economy to the optimum level of prosperity is another presentation of the "Invisible Hand" of Divine Providence, as it appears in the works of Thomas Aquinas. In this and in other cases the finding of interdisciplinary analogies leads the researcher to the holistic approach of the knowledge and science of Economics but also of the operation of the society.

Keywords: interdisciplinarity, economics, law, technology, theology

Introduction

The general will, which derives as the agreement of the body with each of its members and which originates from all and is applied to all, is approached by Rousseau abstractly and algebraically, in the sense that it is not a sum of particular wills, but a "sum of differences", through which the common interest is determined. According to its typical formulation, "if you subtract from the individual wills the pluses and minuses that neutralize each other, the general will remain as a balance". After all, what generalizes the will is less the number of votes and more the common interest that unites them (Bonar, 1895).

The determination of the General Interest presupposes the finding of the basic social structures and the various social partners that cooperate and produce this maximum social benefit. One of the purposes of establishing the state and guiding, on the basis of which society is governed, is the common interest. In order to achieve this (the common-general interest), each individual citizen submits his individual will to the general; citizenship requires a kind of degeneration, which consists in replacing his individual interest with the public. Each member wants the general good, because through it his private interest is served, as these are clearly interconnected and if a member is left to his personal interest, he will cause the destruction of the entire collective political body, on which he wishes to rely. On the one hand, the general will by its nature necessarily wants the good of everyone, on the other hand, for everyone, deeper than their individual interests, there is the common interest. After all, as mentioned above, what generalizes the will is less the number of votes and more the common interest that unites them. As has been pointed out, the "social contract" has no foundation other

Odysseas Kopsidas, Ph.D., postdoctoral researcher, Department of Economics, Aristotle University of Thessaloniki, Thessaloniki, Greece.

Correspondence concerning this article should be addressed to Odysseas Kopsidas, Department of Economics, Aristotle University of Thessaloniki, 54124 Thessaloniki, Greece.

than the general interest, which is reduced to an inviolable rule and to which the sovereign, inalienable and indivisible general will aspires, as it is approached and subsequently, as one of its components favored state (Buchan, 2006).

The Invisible Hand of Divine Providence in Christian Theology guides humanity continuously with a teleological goal. The Invisible Hand of Adam Smith's Political Economy leads society to the maximum level of prosperity, where the benefits of households, businesses and the state are optimized. Influenced by the Theology of Augustine and Thomas Aquinas, Adam Smith transfers the "Hand of Divine Providence" into economic life and lets individuals operate on the basis of their "own interest" and the "sympathy" that governs their economic relations (Buchholz, 1999).

Two models "run" in parallel. The economic circuit is driven by the good will of the invisible hand and humanity is driven by the good providence of God. The purpose of our work is to present this coincidence of the two "long arms" of God and the Economy and the influences that the philosophy of the Ethical Emotions of Political Economy received from Theology (Bussing-Burks, 2003).

The Invisible Hand of Divine Providence

The philosophy of Thomas Aquinas is based on Christian doctrines. It is based on divine revelation and mysteries. Specifically, in terms of ontology, Aquinas follows an Aristotelian version of Albert's philosophy, with deviations either from Platonic philosophy or from Christian teaching. One of the main concepts he deals with is the concept of substance. "Essence" is defined as that which does not belong to something else as the basis of its existence, but exists as a subject and carrier of energies. Creation is the work of free divine will. God governs and governs everything for a specific purpose. This purpose is divine providence. Therefore, God not only creates but sustains and moves beings. Divine Providence reflects on everything and everything. It extends to all the parts in a direct way, so that the world is governed perfectly. Aquinas, however, examines how the excellent and perfect order of the world can be reconciled with the existence of evil. His answer to this question is that Divine Providence does not require the absence of evil from the world. The perfection of the world, he says, requires different degrees of goodness in all their creations, species and genera. Many goods would not exist if evil were lacking. Thus from persecution and suffering patience emerges, from the decay of one comes the birth of the other (Campbell, & Skinner, 1985).

The Invisible Hand of Political Economy

The Invisible Hand or Invisible Hand is a metaphor used by Adam Smith to describe the principle of "enlightened selfishness". Today this principle is associated with psychological egoism. In *The Wealth of Nations*, Adam Smith argues that, within the system of capitalism, an individual who acts for his personal interest also tends to promote the interest of his community. He attributed this principle to the social mechanism he called the "Invisible Hand" (Coase, 1976).

(... Every person is forced to work to make the annual income of the society as much as he can. He generally does not seek to promote the common interest, nor does he know how much he promotes it ... his own safety and directing this diligence in such a way that its product has the greatest possible value, he pursues only his own interest, and in this, as in other cases, he is guided by an invisible hand to pursue a purpose which was not In pursuit of his own interests he often promotes that of society more effectively than when he really seeks to promote it...) (*The Wealth of Nations-Adam Smith*, Buchholz, 1999).

According to Smith, there are six psychological motivations that are combined in each individual in order to promote the common good. In the *Theory of Moral Emotions*, Volume II, p. 316, he says: Acting according to the dictates of our moral functions, we necessarily seek the most effective way to promote the happiness of humanity.

A modern example of such a phenomenon is the enormous social benefit created by the proliferation of computers, goods produced mainly by people trying to maximize their financial gain. These producers did not build computers for the sake of humanity or out of altruistic desire to promote the collective wealth of society. Any social benefit that arises, then, according to Smith's theory, is simply a consequence of their pursuit of personal reward (Campbell, & Skinner, 1985; Coase, 1976).

Adam Smith and Political Economy

Smith published the *Theory of Moral Emotions* in 1759, incorporating some of his lectures in Glasgow. The object of this work was how human morality depends on the sympathy between actor and spectator, or between independent and other members of society. Smith defined "mutual sympathy" as the basis of moral feelings. He based his interpretation not on a specific "moral sense", as Third Lord Shaftesbury and Hutcheson had done, nor on utility like Hume, but on mutual sympathy, a term best described in modern language as "emotional identification", that is, with the ability to recognize the feelings that someone else is expressing (Coase, 1976).

Giving a price to a public good in monetary terms is a challenge that in most cases does not have a clear answer. Unlike a marketable commodity whose price is determined almost entirely by the market mechanism of the interactions of supply and demand, a non-marketable public good is an abstract concept that is often not even perceived by those who use and enjoy it, considering it as a given, as part of the system, something that has no value. The environment is the best example of such a good (Bussing-Burks, 2003; Campbell, & Skinner, 1985).

When the quality of such an abstract non-market good at indefinite price is reduced by some factor its restoration has real cost valued in monetary units. This cost is understood by everyone. In fact, when it has to be determined who will undertake to internalize this exterior, a specific value must be given. These "costs" are inevitable, as the social well-being from the use of these goods causes externalities that reduce their value. In most cases, it is the public administration that bears the burden of valuation and externalization. The revenue of the state comes mainly from the taxation of its citizens. The systematization of a scientifically based valuation methodology, accepted by experts and non-experts, is necessary to cost any activity of protection and preservation of these goods (Campbell, & Skinner, 1985; Coase, 1976).

The Role of the State in Adam Smith's Political Economy

The state needs revenue for the production and maintenance of public goods as well as the internalization of the externalities that receive these goods. The important source of income for a state, especially in the developed ones, is taxation. In order to raise the funds needed for its operation, the state taxes its citizens (Bussing-Burks, 2003).

Taxation implies public revenues and the way of taxing the citizens presupposes the maximum possible efficiency of the tax system but also the fair distribution of the tax burdens among the taxpayers. Fiscal policy and general fiscal practice are described and governed by specific rules, which are legally based. In the case of

the Greek state, the basic rules of tax policy are described in the Constitution of Greece, while the details are described in individual regulatory laws. The following is a brief description of these rules (Campbell, & Skinner, 1985).

The rule of legality of the tax is established by the Constitution of Greece and specifically by article 78 par. 1. No tax is imposed or collected without a formal law that determines the subject of taxation and the income, the type of property, the expenses and their transactions or categories to which the tax relates'. This means that in order for a tax to be imposed and then collected, it must be provided for by law. The law must be formal, that is, it must be passed by Parliament and not a rule of law, by legislative mandate.

This rule derives from the Constitution of Greece and in particular from Article 4. Indeed, paragraph 1 of this article stipulates that Greeks are equal before the law, and paragraph 5 of the same article stipulates that Greek citizens contribute without discrimination to public burdens, depending on their strengths. This constitutional provision provides for the equality of Greeks before the law, and therefore the tax law.

In other words, it provides for tax equality, which means that discrimination and privileges between citizens in terms of tax liability are not allowed the same tax for similar conditions and under similar conditions. But under different economic conditions, citizens pay tax according to their means. This is not contrary to the principle of equality. It follows that tax equality does not mean mathematical equality, and the introduction of a different rate for certain categories of income or business does not ignore the rule of tax equality (Buchholz, 1999; Bussing-Burks, 2003).

The rule of universality means that everyone is subject to tax. This rule can be considered as an extension of the tax equality rule, because if it is assumed that a tax is levied on certain persons, while others that are under similar conditions are excluded, then the tax is not universal and therefore not equal. Of course, tax exemptions and exemptions are not prohibited as long as they are justified and explicitly provided by law. The Constitution indirectly allows these, because it stipulates that exemptions or exemptions from taxation cannot be subject to legislative authority. Therefore, they can be enacted by law and therefore are not prohibited (Campbell, & Skinner, 1985; Coase, 1976).

Conclusions

Adam Smith's social and economic philosophy is by nature theological and the whole model of its social structure logically depends on the concept of God's action in nature. However, Adam Smith was a close friend and later executor of the will of David Hume, who was commonly described in his day as an atheist. The publication of Adam Smith's letter to William Strahan in 1777, describing Hume's courage in his impending death despite his lack of religious faith, provoked considerable controversy.

Smith's statement on the benefits of an "Invisible Hand" is apparently intended to respond to Bernard Mandeville's claim of "private sins" that can be turned into "public benefits". It demonstrates Smith's belief that when the individual pursues selfishness, he directly promotes the good of society. Selfish competition in the free market, he argued, will tend to reward society as a whole by keeping prices low, while incentives are being built for a wide variety of goods and services.

However, he was wary of businessmen and warned of "conspiring against the public or any other trick they can use to raise prices". Repeatedly, Smith foreshadowed the unfair nature of corporate interests that could form conspiracies or monopolies, setting the highest price "that can be sucked out by buyers". The Invisible Hand of the Economy when it has difficulty solving distribution problems, then state regulation intervenes

either through taxation or through subsidy (Pigouvian Taxes). However, the economy can promote solutions, one of which is advertising.

Interdisciplinary analogies can be studied in further research in other areas of scientific research. Thus, the decisions of the civil courts that are called to value money, usually non-market goods, empirically use the WTP-WTA (Willingness to Pay, Willingness to Accept) method of Experimental Economics. The decisions of the criminal courts weigh the costs and the benefit that each decision brings to the social well-being by applying in their way a Cost-Benefit Analysis (CBA). But also the economics of labor presents the work produced by the employee expressed not in energy units but in monetary units (salary), while the surplus of energy that the entrepreneur reaps in order for the system to offer beneficial to him, is presented as business profit. In these and other cases the finding of interdisciplinary analogies leads the researcher to the holistic approach of knowledge and science of Economics and the operation of Society.

References

- Bonar, J. (1895). A catalogue of the library of Adam Smith. London: Macmillan. OCLC 2320634.
- Buchan, J. (2006). The authentic Adam Smith: His life and ideas. W. W. Norton & Company. ISBN: 0-393-06121-3.
- Buchholz, T. (1999). New ideas from dead economists: An introduction to modern economic thought. Penguin Books, ISBN: 0-14-028313-7.
- Bussing-Burks, M. (2003). Influential economists. Minneapolis: The Oliver Press. ISBN: 1-881508-72-2.
- Campbell, R. H., & Skinner, A. S. (1985). Adam Smith. Routledge. ISBN: 0-7099-3473-4.
- Coase, R., H. (1976). Adam Smith's view of man. *The Journal of Law and Economics*, 19(3), 529-546. doi:10.1086/466886