

ISCKMC 2020**International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»****NORMATIVE REGULATION OF ECONOMIC ACTIVITY**

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Abstract

The article examines the modern type of normative regulation based on universal values of culture and affecting economic life. The new economic reality is characterized by the fact that the norms and principles generated in the cultural system are transformed into social criteria of processes with normative and institutional status. The purpose of the study is to identify the formation features of economic and business life statuses. The criteria for the interrelation of rational and moral in economic life are revealed, and it is also found that the two main directions of economic activity are individual subjectivist ethics, "ethics of preferences" and institutional ethics, or "ethics of restrictions". The categories of "social capital" and "cultural capital" are analyzed, which, being largely economic, are determined by the culture in general and by moral norms in particular. Economic ethics is an important element of social relations system, which in turn includes economic and business norms, but are not reduced to them. Institutions of a market economy that are guided by the criteria of the common good and regulated by the state are able to meet the common good requirements. An economy organized in this way aims to serve man and society and does not allow the interests of capital to prevail unilaterally. In contrast to uncontrolled overconsumption, this system puts forward a demand for its regulation, creates its own system of norms.

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Keywords: Normative regulation, social justice, culture-centric approach, social capital, overconsumption, economic philosophy



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1. Introduction

As a result of the influence of culture on economic activity, norms regulating economic life appear. These norms are usually understood as a set of rules and principles of behavior of economic entities, imperatives and requirements imposed by society to the nature of actions and relations between them. According to the degree of significance and range of problems, economic norms are one of the most important and complex components of social life. The principles of management address the fundamental issues of justice and the appropriate structure of human life, which are determined by economic and social factors. The subject of its research is the behavior of people, social groups, various associations within economic structures and in relation to these structures. When investigating the problem of economic organization, economic ethics does not search for an absolutely humane economic order, denying all existing and possible forms of economic organization as not corresponding to the ideal. The main, fundamental goal of economics is usefulness for life, service to it since the economic activity is focused on human needs.

Atkinson (2011), a Professor at the University of Oxford, believes that increasing interest in welfare theory will open up new opportunities to address issues essential to the twenty-first century. This concerns the consequences arising from the economic theory of behavior, the problems of primary goods and functionality, the multiplicity of criteria, equity, and the role of individual ethical norms. The economy can be the means, but not the end; otherwise, a crisis caused by a distortion of the meaning of the economy is inevitable.

One of the important tasks in this context is to study the conditions that contribute to the creation of a more humane, compared to the existing, economic order in society. Here it is necessary to make a clear distinction between coercion caused by economic necessity and coercion due to man-made structures. With regard to these “coercive circumstances”, it should be remembered that what is contrary to what is truly just cannot be expedient or constructive. Both rational and moral principles must be taken into account, and neither of these values should supersede the other. The rational aspect of economics should not be overlooked in moral arguments, and on the other hand, the aspect of justice should not be ignored in economic arguments. First of all, such values as personal responsibility and personal interests, solidarity and collectivism are important from an economic point of view. The study of the relationship between the moral and the economic has a long history. This relationship was studied in medieval ethics, which considered trade carried out for the purpose of extracting profit as immoral (Tawney, 1990). The idea that there is a contradictory relationship between ethics and economics is reflected in modern discussions about the inevitable conflict between the requirements of morality and profitability in these areas.

2. Problem Statement

For our country, the problems of economic ethics are of particular importance, due to the peculiarities of the historical and cultural development of Russia, as well as the formation and development of market relations in the country. Many modern researchers criticize the approach that considers the economic component of the economic development of post-socialist countries as the main

one and does not take into account the spiritual and moral component (Steele, 2005). Ethical concepts and categories can be successfully applied to analyze the processes occurring in the economy, often it is the moral and ethical concepts that are the only restrictions on economic expediency.

3. Research Questions

The subject of the research is the modern type of normative regulation.

1. It is based on universal cultural values that affect economic life.
2. Modern economic reality is characterized by the fact that norms and principles generated in the cultural system are transformed into social criteria of processes with normative and institutional status.

4. Purpose of the Study

The purpose of the study is to identify the formation features of economic and business life statuses. This goal led to the formulation and solution of the following objectives:

- analysis of the most influential research programs that analyze issues of moral motives and goals in the economic process;
- identification of normative differences between a centralized regulated economy and a decentralized individualistic (market) economy;
- possibility finding of normative regulation of overconsumption and related problems of alienated labour with the "philosophy of economy" tools.

5. Research Methods

The process of establishing the norms of economic life corresponds to the general trend of morality socialization, associated with the transition from the ethics of individual virtues to the ethics of social institutions. Understanding the operation principle of ethical factors in economic activity requires a systematic approach, considering society in its unity and integrity. Within the framework of the systemic methodology, the most profound and objective theoretical and practical study of reality, including the problems of normative regulation of the economy, is possible. In turn, the historical method allows us to determine the relativity of the value systems of a centralized and decentralized economy. In modern economic science, the most influential are: naturalistic, anti-naturalistic (culture-centric), technical-centrist research programs, differing in understanding and solution to the question of the role of the state, culture, man and his psychological, moral motives and goals in the economic process. With the state regulation growth of the economy, the concepts of the historical school, adhering to the historical and ethical approach to economics, are becoming more and more popular within the framework of the culture-centric approach.

6. Findings

Many modern economists now agree that culture and informal institutions have a critical impact on economic performance (Beugelsdijk & Maseland, 2011). Under the influence of such economists as Nobel laureates North and Becker, an important area of research is developing in which cultural and institutional factors are used to create a more complete and realistic theory of economic behavior (as cited in North, 2010).

Friedman (2011), considering the history of the connection between economy, culture and religious thinking over a long historical period, notes that the founders of economic science were strongly influenced by the changes in culture taking place at that time. Ultimately, the result was a fundamental link between economic and religious thinking. A better understanding of this link, its origins and consequences in an ever-changing economic reality will contribute to the recognition of Economics as an ethical science.

It should be noted that in modern Economics there are also directly opposite views that characterize the so-called analytical school, which denies or assigns a secondary role to non-economic factors. But, in our opinion, this model demonstrates a one-sided approach to explaining modern realities, it is indisputable that the economy experiences a huge influence of culture, which can be confirmed, in particular, by the fact of the emergence of such new concepts in the economy as: “social capital” “cultural capital”, etc.

Social capital, according to Fukuyama (2000) is “a set of informal rules or norms that are shared by members of a group and allow them to interact with each other” (p. 102). He emphasizes that social capital is based primarily on spiritual and moral values, such as trust, honesty, respect, etc. Social capital is an indicator of real changes in society since it is the basis of economic capital and the more developed social capital, the more successful and efficient the economy functions in society.

Ethics and Economics are closely linked and highly dependent on each other, and many purely economic issues and problems were originally developed by ethical science and subsequently transferred to the sphere of economic interests (the right to work, income distribution, etc.).

Economic ethics attempts to analyze the moral quality of new economic opportunities and establish the unity and internal connection of economic activity with the moral consciousness of society. Ethics is considered as a kind of authority that checks and evaluates the moral quality of economic phenomena and processes, such as the market, competition, for their compliance and compatibility with the moral values and ideals of modern society. Economics is a cultural and historical phenomenon, so no economic system can be abstracted from real human needs, desires, and other conditions. The question of the essence of Economics is inseparable from culture and ethics. Economic structures often hide value preferences and ideals. Economic decisions are ultimately ethical, and this applies even to purely pragmatic decisions. Planning, competition, profitability, etc. are determined by human economic activity and, with all their pressure, should not contradict the principle of human justice. Rationally based economic regularities do not contradict the requirements of human justice, since the economy is a product of human civilization, and its regularities are determined by its values and orientations, even if they are opposed to the subject of economic activity as an objective force.

The question of the essence of management belongs to the sphere of ethics, one of the reasons for this is the fact that the economy is an institution created by man and for man. It makes sense to the extent that the economy serves to meet human needs, but if it does not meet the most important human needs, it becomes meaningless, absurd. The main, fundamental goal of economics is usefulness for life since economic activity is focused on human needs. The economy can be the means, but not the end; otherwise, a crisis caused by a distortion of the meaning of the economy is inevitable. According to the modern Swiss theologian Rih (1996): the main aspirations and the most important humane ethical decisions related to them in the social or economic spheres are similar in their essence to religious faith and have the character of an obligation. They do not seek to acquire the status of a dogmatic principle that is not subject to revision, once and for all recognized as correct and claiming to be objectively binding for everyone. Rather, they are viewed as a flexible, criticized and self-reflexive conviction that involves the analysis and interpretation of traditional beliefs and subjective experience.

The modern economy is characterized by complex schemes of the production process with a large number of participants in this process and their increasing interdependence. Interdependence is understood as the dependence of the results of actions of an individual participant in production not only on his personal efforts but also on what other participants in this process do (Razin, 2014).

The specificity of economic ethics is characterized by the following aspects:

- the overall ethically significant result is largely the result of the actions of a large number of participants in the production process;
- complex assessment of the contribution of an individual or enterprise to the total social production for reasons of labour division, anonymity of the production process, increasing interdependence, etc.

Morality in a market economy should not be reduced only to the moral motives of participants in the production process or their individual moral qualities. The study of moral behavior and moral motives should be an important component of the functional analysis of the entire market economy and its elements.

The principle of solidarity is considered as the initial norm in economic ethics, which is understood as a modern version of the "golden rule of morality", which existed in the history of ethics in various modifications. According to Habermas (1981) ethics is characterized by "communicative rationality", by which he understood rationality based on the recognition of only "good reasons" and fundamentally different from "strategic rationality", based on economic calculations of the benefits or profits of participants in production activities.

The modern market economy in many ways contradicts with general cultural values and the ethics of individual virtues. To understand the complex dialectical relationships between moral motivation and social outcome, it is necessary to consider the general rules that define a certain order of actions, called the framework order, i.e. the order that operates within a certain economic framework (Fritzsche, 2002). The reliability of mutual behavioral expectations is provided by holding specific actions of individuals in a framework order, which makes it possible to coordinate behavior, as well as possible long-term planning. According to Buscher (1996), the moral foundations of the modern economic system should not be found in the direct moral and psychological motives of economic actors, but in the institutional

mechanisms that act as certain limits and restrictions in economic actions. It is necessary to strive for the formation of a system of rules that will ensure individual moral behavior and the ethics of individual virtues in general.

7. Conclusion

Moral problems of the economy are of a system-forming nature and therefore are solved not by a separate actor, but by a common business entity. In order to make moral values universally valid in the conditions of modern production, it is necessary to create an appropriate economic order, a framework order, therefore, economic ethics is often characterized as an ethics of order. Within the framework of these rules, economic entities are guided by their own interests and this economic order, according to German researchers Sutor et al. (2001) is able to use knowledge most effectively to improve the welfare of society because only it is able to establish a mechanism for the dissemination of this knowledge, which they consider as the market and competition.

If in a centrally managed economy priority is given to the observance of collective interests or the interests of society as a whole, then in a market economy – to the interests of the individual, economic freedom and personal responsibility, thus the market economy gets the status of an egoistic, and the centralized economy – of an altruistic system. Self-interests, personal responsibility, and economic freedom should be evaluated on the basis of correlation and should not be equated with manifestations of selfishness. These values can degenerate and reduce to egoism if they are separated from the opposite values, the interests of all members of society, that is, if these values are raised to the absolute. Both egoism and the opposite quality of altruism, which in the system of Russian philosophy can be attributed to “messianism”, sacrificing self-interests, are a distortion of the humanistic principle inherent of the human person. There are certain values behind each of the fundamental economic systems.

The market economy is based on the freedom, responsibility and personal interest of economic entities. A centralized economy is based on public duty, solidarity, and the common interests of people engaged in economic activities. In both cases, we are talking about undisputed values that can be considered truly humane only if they are correlated with each other, which excludes the absolutization of both. The opposite values of the two main economic systems can only be ethically justified when their relativity is recognized. From this "relative" understanding of the value assumptions behind each of the systems, it follows that the principles of both market and planned economy can only be perceived in relation to the value complex of the opposite system. The opposition between a free and planned economy is not entirely correct: neither a completely free market nor a centralized economy exists in its pure form.

Decentralized planning ultimately leads to instability in the macroeconomics, social injustice and severe consequences for the environment, which calls into question the existence of the market system itself and dictates the need for framework planning and management of economic processes. Total centralized planning, according to one of the authoritative researchers of ethical economics Kozlowski (1999), leads to ineffective, inapplicable at the microlevel management, contributing to social, economic crises and shocks, which necessitates correction through market elements. A regulated market economy based on the criteria of the common good meets the requirements of justice (Razin & Nazarova, 2016).

The problem of normative regulation of overconsumption is important and relevant in modern society. A more detailed analysis shows that this problem is divided into several subproblems:

Excessive or irrational consumption leads to an unrestrained waste of resources and to the belief that economic progress is the only goal of life. The "black hole" of overconsumption absorbs the materialized and human labour. The life cycle of objects is rapidly shortened, they turn into garbage, thus hard work is devalued, becoming even more alienated.

Overconsumption creates an imitation effect, when humanity tries to copy the most "successful" consumption models advertised by the mass media, thereby increasing the burden on nature, exhausting themselves with an artificial variety of needs and driving themselves into the bondage of stress, unnecessary loans and eternal "Sisyphean" labor.

Overconsumption is an unavoidable destructive goal of the modern economy. Modern "Luddites" – top managers of multinational corporations artificially reduce the service life of equipment by degrading its quality, in order to force people to consume more modern and even more low-quality goods.

The above-mentioned problems are recognized by modern economics, but it is not able to develop a system of normative regulation within itself. Since the economy is always focused on progress and the associated profitability and surplus profit, the goal of the economy is to meet the needs, and accordingly, the economy cannot formulate the moral foundations of reasonable consumption without the help of other regulatory systems.

In modern science, the closest approach to solving this problem, in our opinion, was applied by the Russian philosopher–economist Osipov (2018). He described the problem of overconsumption as a victory for "anti-economy". According to Osipov (2018), the orientation towards endless, unreasonable consumption is not only contrary to economic management but also contradicts the essence of life itself.

It seems to us that the provisions formulated by the "philosophy of economy" can become a tool for regulating overconsumption and related problems of overexploitation and alienation.

Economic ethics acquires a key status in the system of modern social relations. The normative regulation developed by economic ethics includes economic and business norms but is not reduced to them. Modern crisis phenomena show us that only those institutions of the market economy that are regulated by the state are able to meet the requirements of the common good. A system of management organized in this way puts forward the requirement to regulate the economy, creates its own system of norms, aims to serve the individual and society, does not allow unilateral predominance of capital interests, and is able to resist uncontrolled overconsumption.

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