

DRUŽBENA ODGOVORNOST PRI KOMENTIRANJU GOSPODARSKIH RAZMER V SLOVENIJI - ŽOGA JE PRI EKONOMISTIH

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Povzetek: Vse od začetka politične in ekonomske tranzicije naprej je bila Slovenija glede na raven dohodka najrazvitejša nekdanja socialistična država na svetu. To je posledica večstoletnih izkušenj regije kot dela Avstrije, zatem pa kot dela zaprtega jugoslovanskega gospodarstva. Vseeno pa je 25 let po osamosvojitvi Slovenija primer Northove majhne homogene nacionalne skupnosti, ki zavrača zunanje vplive. Prispevek obravnava družbeno odgovornost ekonomistov, ki komentirajo gospodarske razmere v medijih. Največkrat z omejenimi mednarodnimi izkušnjami, pomemben del komentatorjev spregleda pomen uvajanja temeljnih načel ekonomije v državi tranzicije. Članek prinaša tudi analizo medijskih stališč, iz katere je razviden nesporazum pri terminu "nacionalni interes", ki se praviloma uporablja za zaviranje reform. Namesto da bi sodelovali pri razvijanju znanja o temeljnih načelih ekonomije, pomemben del komentatorjev gospodarskih razmer v javnosti sproža zmedo in napačna pričakovanja.

Ključne besede: Družbena odgovornost, načela ekonomije, izobraženci v medijih, institucije, Slovenija

SOCIAL RESPONSIBILITY CONCERNING THE COMMENTING OF ECONOMIC DEVELOPMENTS IN SLOVENIA - IT IS ECONOMISTS' TURN

Abstract: At the eve of political and economic transition as well as now Slovenia has been according to the level of GDP per capita the most developed former communist country in the world. Such international position goes back to Slovenia's centuries' experience as a part of Austria and the closed Yugoslav economy. However, almost 25 years of Slovenia's experience as a sovereign state has proved North's theory of small homogenous society rejecting foreign influences. The article deals with the social responsibility of economists – commentators of economic developments in the media. Not using the possibility to accomplish their professional experience abroad a significant part of commentators of economic developments is missing the importance of adopting the basic economic principles. The article also brings results of media analysis proving that even the most established commentators failed to understand the nature of the »national interest«, which is topping the Slovenian media always when privatization of huge state ownership is on the table. Instead of developing common sense in diverse fields of market economy and democracy a substantial

part of commentators – economists by formal (academic) education are disseminating disorientation and false expectations.

Keywords: Social responsibility, economic principles, intellectuals in media, institutions, Slovenia

1. Introduction

Social responsibility is often described as an obligation of a person or business subject to act to the benefit of the society.

»With respect to the responsibility of intellectuals, there are still other, equally disturbing questions. Intellectuals are in a position to expose the lies of governments, to analyze actions according to their causes and motives and often hidden intentions. In the Western world, at least, they have the power that comes from political liberty, from access to information and freedom of expression. For a privileged minority, Western democracy provides the leisure, the facilities, and the training to seek the truth lying hidden behind the veil of distortion and misrepresentation, ideology and class interest, through which the events of current history are presented to us. The responsibilities of intellectuals, then, are much deeper than what Macdonald calls the 'responsibility of people,' given the unique privileges that intellectuals enjoy« (Chomsky 1967).

In this article we will address the last point that Chomsky is stressing: the responsibility of intellectuals is deeper. The intellectuals are those who use their minds and intellects and who apply *mutatis mutandis* their knowledge, ideas and theories in the public debate and in public interest in responsible and accountable way, to help the community in understanding and evaluating the social reality. Responsibility of the intellectuals as a cognitive privilege refers to the use of their own special scope of knowledge (internal responsibility), and accountability of the intellectuals towards the community, generally referred to as the social, political and democratic environment in which it operates (external social responsibility). Their power does not derive from financial capital, neither physical power which would affect the others, it is not conferred on them from and by the people (as a politician is elected by the people); the society simply recognizes them as authorities based on their professionalism and also their conscience. The intellectuals can clarify complicated language of the experts in the specific field, and show weaknesses in the arguments of politicians who want to unilaterally present the facts to convince people about their good intentions. Their public discourse has considerable weight since it is supported by argumentation and proof, based on their knowledge to explain clearly and easily. The society takes into account opinion of the intellectuals because it is believed they know what they are saying.

On the one hand their main task is to justify the existing social order and give the appearance of order, rationality and necessity of the status quo with their knowledge. On the other hand, Chomsky presents the ideal of »dissident intellectuals« as those who are »defenders of freedom«; they are critical of the status quo (the injustice of the social order) and they dare to make their voices heard on behalf of justice. »It is the responsibility of intellectuals to speak the truth and expose lies« (Chomsky 1967). Therefore the term »intellectual« is used conventionally to refer to people who happen to have unusual opportunities and as always, opportunity confers moral responsibility:

»Intellectuals are the people who write history. If the authors and custodians of history turn out to have an attractive image, it is only reasonable to look beyond and ask whether the image they construct is accurate. I think such an inquiry will reveal a rather different picture (Chomsky, in Borofsky 2001): namely, it will reveal a very strong tendency for the intellectuals who are respected and privileged to be those who subordinate themselves to power.«

At this point it is important to note the thought of Bourdieu (1993):

»But is it necessary, in order to ease the conscience or to show how we are doing what is necessary to work, to speak at any price, without real efficiency, and to take risks, to talk nonsense? The mere belief, no matter how noble, is not enough. And because it is associated with ignorance, it says more about

those who talk, and intellectual space in which they are covered, rather than on the problem, which they think they are addressing.«

Only professionalism of the intellectuals is not enough; clear ethical stance and moral integrity, truthfulness, fairness, and consistency of the criticism are important. In any case, the intellectuals have the potential to significantly impact the public life and the perception of social reality with their personalities and knowledge. From the social power that they possess derives their accountability to fellow citizens and society. Therefore intellectuals have the responsibility to their own profession as well as accountability to the social environment.

2. Scope and method

We will discuss the role of intellectuals, who are participating in public discourse in a European transition country. Although we will address also different profiles of intellectuals acting in media, we will concentrate on economists. This is necessary, as we will base our analysis on economics. There surely are many backgrounds for participants' public acting in an open discourse; however, leaving the scope of economics could generate a too slippery terrain deriving from the fact that the first author is a professor of economics.

We will distinguish between economic principles, concepts and economic policy measures. Economic principles are sometimes called economic laws and represent the art how »economic machine« works. Typically, they can be excluded (rather ignored) partially and on a very limited time basis, but cannot be abandoned without serious risk of failing. Economic concepts (also called theories, doctrines) are subject to different views and are typically attracting vivid discussion. This discourse is even more dynamic when measures of economic policy are in question. This is understandable, if we consider that following the rules of exchange on economic and political markets at the same time they surely comprise at least three arts of discussion (opposition) which these measures are attracting. Their first dimension is their strength; as the second one we will consider the fact to whom they are causing costs and to whom they benefit. The third dimension will be the concept they are based on.

3. Examples of measurable evidence of intellectuals' discourse in media

As latest research by American Association for the Advancement of Science (AAAS 2014) proves, social sciences (comprehending mostly economics, politics and law) attract most public interest in the USA. Here we will presuppose that the situation in Europe as a western democracy does not differ much from the USA. The Table 1 below shows percentage shares of actual debate and public interest for main scientific disciplines.

Table 1: Media debate and public interest in different scientific disciplines

<i>Primary discipline</i>	<i>Amount of media debate</i>		<i>Amount of public interest</i>	
	A lot/some	Not too much/none	A lot/some	Not too much/none
Biomedical	59	40	77	23
Chemistry	32	65	49	50
Earth sciences	67	33	80	20
Engineering	35	65	57	43
Physics and astronomy	40	59	68	31
Math and computer sciences	33	67	57	43
Social, history, policy	70	29	83	16

Source: AAAS 2015.

There is a typical gap between public interest and media debate, which goes back to the fact, that media must also sell the news and are therefore not eager to follow the scientific findings systematically. Nevertheless basing on the evidence presented above, one could conclude that the disciplines in the field of social, historical and policy issues gain relatively the biggest space in news media and are thus in position to influence the common sense quite a lot. When asked about their sentiment of scientists' role in public policy debates 87% of respondents agreed with the statement that they "Scientists should take an active role in public."

Going back to the example of Slovenia let us present the study, where the excessive use of “national interest” as the term demonstrating delicacy of a small national community was analyzed (Ovin 2003). The sample consists of 25 essays prepared by the most acknowledged scientists, writers and poets, as considered by the central Slovenian daily newspaper DELO (‘Work’) in the period from September 21st till October 19th 2002. It was an EU pre-accession period for Slovenia (joining on May 1st 2004) and a period of quite vivid discussions on what the country may gain and what will go lost after accession.

Analysis of statements and sentiments by the authors enabled some conclusions, from which the most interesting are:

- 21 from 25 authors were warning concerning the fact that the term “national interest” is often used to attract public opinion to the positions of home (political and economic) elite fearing to lose their position in the processes of a growing size of markets and integration;
- Especially authors from literature and arts believed that the term has to do with language, culture, state territory and nothing else;
- Academic economists and businesspersons were a relative minority (7 authors). The prevailing conviction in this group was that opening of the markets threatens domestic economy and thus the national interest.
- Such opinion was in a way countered by a small group of non-economists (3) stressing that national interest could hardly surpass the need of functioning banks and companies.

From this period on the discussion did not lose momentum. Even the opposite: With arrears in transition reforms, bigger and bigger gaps required acting in a more and more unfavorable environment (falling of prices of assets to be sold or privatized). After the financial and economic crisis after 2008 had required a severe toll from the economy with unaccomplished transition, the debate on the matter heated up. Events that are most striking are qualification of radical ‘United left party’ in the parliament after elections in 2014, organized petition against sale and privatization of companies chosen by the government, which was countered by the petition for sale and privatization on the turn 2014/2015.

4. Misunderstanding the nature of transition in Slovenia

It is not the scope of this article to take position towards acting of Slovenian economists in media regarding the developments described above. As stated at the beginning of this paper the discussion on Slovenian economists on economic policy or on doctrines would exceed its scope. However, even more than at the beginning of the transition the course of the debate demonstrated readiness of economists treated by the media as “main stream” to ignore basic principles of economics just to prove their political or doctrinal arguments. Below let us point to some of these principles and their mistreatment in the whole period of transition.

In Slovenia the conviction that its economy should be treated as a specific case (Slovenia has been the most developed former communist region/country in the world) may have influenced some quite exotic views of the “Slovene mainstream” economists since independence. Following are some examples from the transition period how they misunderstood economic principles when advocating their view on transition.

The nature of private ownership is the first field where the “Slovene mainstream” economists presenting their views in public have misunderstood and missed the point. Privatization had to be carried out following the goals of economic transition. However, by repeatedly stressing that, it has no influence on economic efficiency and is therefore not necessary; economists with considerable echo with the media were hindering public sentiment against this transition measure. It seems that the main reason for such reasoning was their politically accepted view that such processes would stress the country’s social cohesion. This with other words meant that the transition is not necessary.

Advocating for slow and gradual reforms especially in the field of privatization misses the clear principle of information use by economic agents in transition. Transaction specific investment explained by constitutional economics by Brennan and Buchanan (1985) explains acting of economic agents in the course of the changing economic environment. Having already spent considerable investment in the existing system economic agents will follow the steps of government. With consistent policy they will invest in the new system, and the opposite: political reluctance for change will stimulate their investment into the existing system thus raising the costs of transition.

Apart from that, very little understanding of markets has been demonstrated when the “Slovene mainstream” economists opted for long preparation of privatization legislation. The reason was the publicly popular view that they nourished: the law on privatization should once and for all enable fair access to all interested to gain their share in assets subject to privatization. This clearly means the conviction that the law on privatization is the end of a (privatization) process. This is of course a completely wrong perspective and another neglecting of the main economic principles: in the transition, the law on privatization only means the beginning of the process. It is only enabling economic agents to start competing with their ideas, to offer the better use of asset and thus earn control over them. In a competitive environment it is expected that assets will in the course of buying and selling transactions constantly move towards more successful owners.

Economic policy mix in an open economy does not, without seriously harming the economy, allow that adjusting of the exchange rate policy could be in a short time compensated with the rise of wages and prices. Instead of seeking the reason for economic problems in macroeconomic disequilibria caused by wrong economic policies, the “Slovene mainstream” economists regretted that with joining the Euro area Slovenia lost its monetary sovereignty and exchange rate policy adjustment. In this way, an important message was forgotten: although it can be severe, the adjustment of companies to the market exchange rate is an essential instrument of rising international competitiveness.

Economic policy means government acting in the markets. That means the supposition that markets exist and could not be influenced by subjects, who do not have to follow principles of costs and prices. The experience in market economies has shown: the tolerable share of subjects that can due to their connection or even ownership by the government, excavate the market should not exceed 20% share in economy. With exceeding 40% share of state owned or influenced banks and companies, Slovenia is a clear case for risks explained by the theorem of budget constraint explaining acting of economic subjects under hard budget constraint (private) or soft budget constraint (public).

Therefore we can only conclude that not only has a considerable part of publicly active Slovene economists misunderstood the main principles of economics (Vodopivec 2015), but helped producing chaos at every opportunity – the last one being criminalization of Slovenian central bank by accusing it for manipulation in the process of stress tests and recapitulation of banks. Here they missed the message from the EU Commission, which took over these processes while realizing that domestic knowledge as well as political will to carry out healing of banks is simply insufficient.

5. Excuse: the reason of rules

Regarding our topic, we would also like to question the nature of institutions. We will follow North’s position that institutions in the broad sense are formal and informal rules of the game in a society to determine the mutual relations between people (North, 1990). They supply formal constraints (rules, laws), informal constraints (norms of behaviour, conventions; self-imposed codes of conduct) and their enforcement characteristics (or implementation) (North 1995). The importance of the informal institutions is higher in politically unstable, transition and less developed countries. When strongly embedded, the informal institutions can block formal rules or institutional change, because informal institutions exhibit significant inertia and only change gradually (e.g. incremental changes) deploying what Pejovic (2001) calls “path dependence”. Ideally, of course formal and informal institutions complement each other.

We want to point to an important dilemma connected with the treatment of the role of institutions in public discourse. On one hand, one expects that the role of intellectuals in media will be to explain and to support ethical and social benefit encompassed in democratically formed institutional setting. On the other hand, however, institutions are subject to permanent exchange on the market for institutions. In this respect, it is following Kuhn (1962) intellectuals’ role to push the change. So the most natural way would be to recognize that intellectuals active in public should simply stick to ethical and social principles, no matter what impact their acting would have on institutions.

From the point of view of economics, it is, however, relevant that the rules of the game, norms, values and patterns of behaviour in a society were created to enhance interactions. They reduce uncertainty, determine and limit the range of individual options, and in particular, they reduce risk of economic (business) action. Here another dilemma arises: should publicly active economists promote best practice or should they stand for ideal

solutions? Here we believe that economics is surely in different position, if compared let us say with humanistic science. In the field of economics, we incline to be closer to a rather constructivist debate. Economic activity to serve the society is based on ancient principles such as labour division and trade. They require co-operation. It is important to realize that in this co-operation there will also be naïve players in respect of altruism. When institutions are concerned, this means wide acceptance of institutional order, which is assuring economic co-operation and thus society's ability to cover its needs with production.

An interesting example here sure is the nature of US American working ethics, where we will surely see signs of such altruism. Here we should add that apart from inclination to support the rules quite essential foundation of peoples' acting also derives from certain forms of predestination (Rifkin 2004). With a sufficient evidence that the US economy clearly leads the way in the fields of innovation and marketization – very essential pillars of a successful economy, it remains a challenge, which is the stand that economists in a transitional economy should take when institutions are concerned.

6. Conclusions: dis(orientation) and social responsibility of academic economists

The issue that this article is discussing basing on the example of Slovenia as a transition country does not refer to positions that individual participants in public discourse would have regarding different economic concepts and measures of economic policy. It is the loop, which the discussants make when they try to break down the principles of economics. Instead of staying in the frames of political and conceptual discourse, they seek support for their arguments by taking freedom to ignore economic principles. Apart from being incorrect from the point of the economic science, it is in an unwanted way influencing public reasoning. It is irresponsible from the point of the basic decision proven with the country's collective action (referendums in 1990 and electoral body support to programs enhancing integration in the EU) to join western democracy and open markets.

There must have been empirical evidence that after contacting the most exposed "mainstream" economists at the time, a globally renowned Israeli economist paying few day visit to Slovenia in 1990's at the end of his visit remarked that "the world is still to discover the economic system that will comply with Slovenia's expectations".

At the end we should clearly also put limitations to our standings. Despite the fact that Slovenes had for centuries experienced quite progressive Austrian Central-European development model, due to the culture that differs essentially to all its neighbors, a sentiment typical for small ethnic community has always been there. Here we are once more pointing at North's theory of small homogenous national community rejecting foreign influences (North 1990). This heritage has been present throughout of the transition demonstrating itself as an aversion towards impersonal mechanisms such as institutions, markets or prices. Again in the North's sense (1995, 18) the domestic economists should realize that the embedded institutional culture, which they openly support in public, will not sustain the growing size of markets – arising from developments in the neighborhood and being a part of European integration process.

With the situation described above, participating in media debate simply means additional responsibility of economists. As demonstrated in the Slovenian case the style aimed to neglect the basic principles of economics up to now did not help the country's goal to close the gap to old members of the EU, thus allowing us to question the social responsibility of academic economists.

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