REQUIREMENTS FOR A GENERAL INTERPRETATION THEORY

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Abstract

Time has proved that Economic Analysis is not enough as to ensure all the needs of the economic field. The present study wishes to propose a new approach method of the economic phenomena and processes based on the researches made outside the economic space - a new general interpretation theory - which is centered on the human being as the basic actor of economy. A general interpretation theory must assure the interpretation of the causalities among the economic phenomena and processes - causal interpretation; the interpretation of the correlations and dependencies among indicators - normative interpretation; the interpretation of social and communicational processes in economic organizations - social and communicational interpretation; the interpretation of the community status of companies - transsocial interpretation; the interpretation of the purposes of human activities and their coherency - teleological interpretation; the interpretation of equilibrium/disequilibrium from inside the economic systems - optimality interpretation. In order to respond to such demands, rigor, pragmatism, praxiology and contextual connectors are required. In order to progress, the economic science must improve its language, both its syntax and its semantics. The clarity of exposure requires a language clarity and the scientific theory progress asks for the need of hypotheses in the building of the theories. The switch from the common language to the symbolic one means the switch from ambiguity to rigor and rationality, that is order in thinking. But order implies structure, which implies formalization. Our paper should be a plea for these requirements, requirements which should be fulfilled by a modern interpretation theory.

Keywords: general interpretation theory, economic hermeneutics, semiotics, rigor, pragmatics, praxiology, language, linguistic instruments.

Clasificare JEL: M40, M41

1. Introducerea și contextul studiului

We might ask ourselves the question why do we need a general interpretation theory of the economic processes and phenomena as long as we have a specialized subject – Economic Analysis. We agree on the fact that the Economic Analysis must be the subject that provides the management the “most detailed possible” pieces of information based on the interpretation of the account and of the financial reports. It is thus possible to take urgent corrective action, without too much subjective interference (Băileșteanu, 2010, p. 199). We need quick interventions, based on a high certainty level, the cause-effect relation being, most of the time, obvious from the economic analysis. The Economic Analysis is a rapid and precise instrument, but a limited one. The enlargement of its “tasks” would lead to the decrease of its accuracy. This would imply the deprivation of management of its most handy instrument for urgent and quite well argued decisions. We believe that besides Analysis, the building of a general interpretation theory of the economic processes and phenomena is appropriate in order to explain the still unanswered questions in economy. An interpretation theory which gives up figures, must be sustained by proper theoretical instruments in order not to be subjective. Therefore we enunciate the requirements of a general interpretation theory. Even if the proposed methods do not belong to the economic field, we consider that they can be also implemented there.

2. The premises of a general interpretation theory

Ever since the ancient times, people have felt the need of interpretation and started their endeavor with the “The Book of all Books”, The Bible. There have been and still are several interpretation patterns (depending on the author) which were given to the apostolic writings- Luke, Paul, Matthew- and to the texts of the Old and New Testament.

The church commentators have been concerned with the finding of an unitary interpretation pattern which may lead to the origins (as Heidegger used to say), at the original meaning given by apostles to the texts and consequently, to the “primary”, to Christ’s “words”. All these interpretations regarded a primary issue of the human existence, a fundamental problem of Christianity, Judaism and Islamism etc. In order to distinguish such basic interpretations from others, people felt the need to “name” them. The term “hermeneutics” has been...
chosen. The selection of the term was not at random, but by analogy with Hermes, who passed on/ interpreted the Gods’ will to the people. Actually the name of this science is understanding and interpretation of holy texts, in brief hermeneutics, in the same way in which the understanding and interpretation of the symbols is briefly called semantics. Developing this science of the interpretation of sacred texts, Ricoeur, Rorty, Heidegger, Gadamer and some other, all back up the idea of understanding, interpretation, mediation. If we were to analyze the current meaning of the term understanding, we might ask ourselves if it does have a purpose near interpretation. Of course not- one can not interpret what one does not understand. If we were to think at the past the meaning of interpretation must be associated to the translation of the old, sacred texts. There have also been suggested philosophical nuances. Interpretation occurs there where we have more than one meaning- that is polysemy. Interpretation aims at “finding the origins”, “the primary”, but this approach must get over the barrier of the relativity of interpretation. Despite the subjectivism which is inherent in such situations, what we wish for is actually finding the “remanences” which may sustain the interpretative approach.

Texts, either scientific, philosophical or theological, have a meaning or a plurality of meanings. The meaning(s) is/are not “visible”, it/they must be extracted “through a concrete and live act of a person, act which we usually call understanding, or, in its elaborated form, interpretation (Cercel, 2010, p. 19). But what is interpretation, which is the genesis and the structure of this process through which signs are discovered and projected? “As soon as we pay attention not only to the texts, their phenomena and meanings, but also to the comprehensive process which makes possible their manifestation, we become aware of the fact that not only the meaning, but also the understanding as well as the interpretation, lay under the sign of a plurality of possibilities. The reflection on these concrete possibilities and the possibility conditions of understanding and interpretation is known in general under the name of hermeneutics” (Cercel, 2010, p. 20).

The general interpretation theory must assure: the interpretation of the causalities among the economic phenomena and processes- causal interpretation; the interpretation of the correlations and dependencies among indicators- normative interpretation; the interpretation of the social and communicational processes in economic organizations- social and communicational interpretation; the interpretation of the community status of companies- transsocial interpretation; the interpretation of the purposes of human activities and their coherency – teleological interpretation; the interpretation of equilibrium/deequilibrium from inside the economic systems- optimality interpretation.

As process, the general interpretation theory aims at: understanding the economic phenomena through semantics and intuition, finding new meanings through deduction and inferences, interpreting the economic complexity through meditation on multiple causalities, formalizing the economic information through symbolization and language, facilitating the decision based on the support of complex axiomatic systems, the validation of the decision through argumentation. In order to answer to such requirements, the interpretation theory appeals at the semantic instruments. In the interpretative approach we will use logic semantics and economic semiotics. We will understand the logic semiotics as part of the methodology which studies the language of the logic systems from three perspectives: syntactic (logic syntax), semantic (logic semantics) and pragmatic (logic pragmatics) (Enescu, 2003, p. 6). Economic semiotics is a part of the metatheory that studies the language of the economic systems having two main objectives: the extension of the use of signs in the economic theory and practice; the building of axiomatic systems capable of assuring the clarification of the economic science. Economic semiotics- a general sign theory- allows a “form”, but also a “substance” interpretation. Through a symbol, people surpass the perception level and reach the understanding level, they go from senses to thinking, from appearance to essence, from momentary to permanent (Wald, 42/1979). Every sign stands for something; but not every sign has a signification, a meaning. “The sign, in the sense of a hint (Anzeichen) does not express anything except when it fulfills, besides the indication function, a signification function” (Husserl, 2009, p. 43). We will also work with the signification concept, doctrine which the Stoics called semiotike. We will be interested in the relations between signs (syntax), the relations between signs and the objects they refer to (semantics), the relations between signs and the subjects who use them. For formalization, except signs, we also need the language: the symbolic language allows the expression in a certain form of that what, in common language, may lead to endless misunderstandings. That is “there where the common language hides its logical structure, there where it allows the building of pseudo-sentences, there where it uses a single term for an infinity of different meanings, we must replace it with a symbol which gives us a clear image of the logical structure... and uses its terms in an unambiguous way” (Wittgenstein, 2010, p. 209). The language implies rules of the relations between signs. These rules establish causalities and normative evaluations. It is our goal that during the interpretation process we shall use the instruments of logics: judgment, reasoning, tautology, validity, consistency, axiomatization etc.
3. Interpretation vs. understanding

The finality of the interpretative act is understanding, which has as main intermediate contextualization. Interpretation is considered an ensemble of rules which argues the experience. Interpretation is transitive- its finality is to be understood, intransitive- its finality is to understand itself, and normative or dogmatic, just like the teleological juridical one- its finality is the implementation settlement. At the same time interpretation is synchronic, when the pursuit of systematization prevails, and diachronic – when history prevails.

In the approach we are undergoing we distinguish between interpretation and understanding. We normally associate understanding with the identification of the meaning of a word, text and with the shaping of a satisfying mental image. The necessary procedures for understanding are largely standardized by dictionaries, scientific papers etc. Interpretation is the attribution of a meaning or a signification to different finds of facts: attitudes, events, contexts, etc. The attribution of meaning is based on a referential system made up by the previous knowledge of the interpreting subject and which is a compulsory premise for understanding. Consequently, understanding gives a meaning, while interpretation designates a meaning – attributing – process.

In our research we will be guided by what we call “the principle of all principles”: the economic research must start from the direct analysis, from intuition which facilitates the access towards the essence of the economic phenomena and processes, like they truly are in their originality, that is independently of the previous theoretical suppositions (the relevance of the primary). We try to reach the “primary” with the help of the object-historical and actual- historical method developed by Heidegger – an entirely hermeneutic approach. We also believe that the hermeneutic approach must be valued, otherwise we may remain in the ascertaining phase. Through valorization we aim at: identifying the causalities which governed the evolution phenomenology and will influence the perspective- the observed relevance; identifying the orientating options of the future trajectory – the observed reality; and meditating on the unexpected and on the possible risks/ opportunities – possible future. The valorization of the hermeneutic approach can be done with the help of a prospective approach. In this sense, the general interpretation theory in economy is a symbiosis between the hermeneutic and the prospective approach.

4. The need for rigor, hypotheses, formalization and reasoning

The interpretation theory can not progress unless it improves its language, both its syntax and its semantics. The clarity of exposure asks for a clarity of language, and the extension of the scientific theory asks for rigor. The need for rigor implies the need of hypotheses in the building of the interpretation theory (Băileșteanu, 2010, p. 31). There are some constructiveness and functionality conditions of the hypotheses and their fulfillment gives them the position of “status” in science: the hypothetical constructions must not contain internal malfunctions, that is incompatible or difficult to reconcile postulates. The need for hypotheses implies the need for mathematics without which the interpretation is convicted to remain to the intuitive- empiric level. Mathematics offers the interpretation theory rationality. Rigor and rationality mean order in thinking. Order means structure, which again implies formalization. Structure, at a first level, appears to be a system of elements which make up the anatomy or the hard of the phenomena, notwithstanding its fiziology. At the next level we encounter the totality- structure, where the relations and the fiziology prevails, structurality being actually a relation system. At this level of interpretation the whole prevails, not the part. At the last level we find the invariant- structure, meaning that what we observe by contrast with what changes (Băileșteanu, 2010, p. 31).

In order to become a structure, the interpretation theory must surpass the formality level, that would facilitate: the leap from the apparent incoherence of facts to their basic coherence, the leap from description to deduction, the leap from the part perspective to the totality perspective, the leap from division to the space integration, the leap from phenomena to essence (Botezatu, 1973, p. 2). The formalization implies symbolization as a premise of the switch from common to symbolic language. The interpretation theory must assimilate concepts from semiotics such as: signs, the symbolizing- codifying rules, the laws of use of signs and the signification rules.

5. The need for pragmatics

Bar – Hillel, Montague, and others understand under pragmatics the study of indexed expressions, meaning of those expressions whose significance depends on their utilization context. Rudolf Carnap considers that pragmatics studies concepts as: opinion, assertion, utterance (Enescu, 2003, p. 371). In Chris Moriss’ vision, pragmatics “has to do with the biotic aspects of the semio-said, accordingly with all psychological, biological and sociological phenomena that can be observed in the functionality of signs” (Morris, 1978, p. 98). We think that in the interpretation theory, pragmatics should be approached from the perspective of the behavioral aspects of the interpreter regarding the perception, interpretation and manifestation of the signs (and symbols), perspective that implies both a theoretical and a practical dimension. The theoretical dimension refers to the ideas, the ideas derived from the essence of the interpreted economic cathegory and from the
interconnection of pragmatics with syntax and semantics. The concrete dimension analyses the attitude of the interpreting person towards the interpreted object. We exemplify the following pragmatic interpretations:

- any action, work, decision, even minor, influences the level and the dynamic of the economic efficiency, which, in other words, is sensitive and anti-catastrophic to the small modifications of its component elements (resources and effects);
- even if in many cases the human actions may work compensatory – that is some negative consequences can be compensated by other positive ones-, still, they always influence both the resources and the effects and consequently they must be identified;
- the more one climbs up the decision ladder, the more grows the influence of the decisional actions on the resources, effects and economic efficiency;
- dynamically speaking, the efficiency indicators must increase, as a sign of the system development. When this does not happen, the causes which influenced the involution must be identified.

6. The need for praxiology

The praxiological vision for which professor Mises militated, is adopted by more and more scientists in the economic field (Lancaster, 1973, p. 138). Kotarbinski understands under general methodology or parxiology the science of models of making anything in any way, the science that perceives work from the efficiency perspective, regardless of the specific conditions, an essential human action (Körner, 1969). The interpreting theory can not dispense with praxiology, because it has its roots in the observation of the practical activities, of the human action, operating with basic concepts: function, purpose, means, activities etc (Băileşteanu, 2010, p. 39). We believe that the general interpretation theory must use instruments and concepts that are also used in praxiology: function, purpose, means, activities etc., because every activity must have a function (the meeting of the functional requirement or the need around which any organized system is built, represents the final function of that system), a purpose (routine purpose, foreseeable purpose, possible purpose, probable purpose) and the means for achievement (the human, material and financial resources).

7. The need for linguistic instruments

The linguistic instruments began being used in economy1: because, that, evidence that, actually, given the fact that, how, now, so/ therefore, consequently, that is why. The future research directions should focus on the use of these linguistic instruments in the argumentative process; the symbolization of these linguistic instruments so that they may be integrated in the modern informatic processes; the setting of semantic and syntactic use rules for these argumentative indicators. From an economic perspective we mention the following:

- we must take into account the fact that the argumentative indicators – if, so, how, etc.- are theirselves relative, and consequently, not always „if →then” is an immutable rule (if the turnover grows, then the profit grows- is not always a valid argumentative statement);
- we think it is better to perceive the conclusions as deductions, not as absolute consequences, because in many cases, the hypotheses may be only probable;
- the wording never should be used only in exceptional situations.

The general argumentative rule must contain an arugment (A), an opinion (O), supportive techniques (T), validation techniques (V).

\[ R= f(A,O,T,V) \]

8. The Limits of interpretative theories

The interpretative theories must be consistent with the data, taking into account that each theory is underdetermined by data, in other words the truth or the falsity can never be determined by only resorting to data.

It must be verified if the theory is coherent and consistent with other theories which have been accepted and if it might be interconnected with them from a conceptual perspective. Ian G. Barbour emphasizes the purpose of the theory, thus checking if the theory manages to unite theories which had been previously disparate, if it answers to multiple proof, if is applicable on long terms or with relevant variables. (Lemeni, Ionescu). The theory which we have suggested has more limits.

8.1. The limits of the inductive interpretation

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Induction is a process of generalization, a reasoning by which we move from findings about singular cases to assertions about all the cases. If the multitude of observed objects is finite, then the induction is complete, in principle at least. But, excepting our special and temporal limits, all the cases can be identified and observed. This is an exception which cannot be found in reality, even if it is economic or social. If the multitude of facts is not infinite, then in principle the induction is incomplete, in other words it is amplificatory. The distinction between the complete induction and the incomplete induction is one of principle. Regarding the complete induction, if the premises are true, the conclusion is true, whereas in the incomplete induction (amplificatory) the conclusion can be at most credible based on some conditions. According to the factors which make it believable, to the level of believability, the conclusion can be (Enescu, 2003, p. 199):

- The number of the cases which were observed: the more cases we have analyzed, the more believable the conclusion becomes;
- The manner of choosing the cases: the level of credibility increases if the choice is made based on some rules or at random;
- the relation between the property “F” and the property which is characteristic to the class of objects;
- the relation between the property “F” and other universal properties of the objects from classes;
- the deductive use of the conclusion.

Irrespective of the situation, the limits of the inductive interpretation are obvious. Peter Godfrey Smith was wondering: “What reasons do we have to expect that the patterns which we have noticed in our past experience could be valid for the future too? What justification do we have to use the observations from the past as the fundament for the generalizations referring to things that we have not noticed yet? (Smith, 2012, p. 40). In the same manner, David Hume asked himself since 1739, if we have a reason to think that the future could be similar with the past. He said that there is no contradiction in assumption that the future could be different from the past.

Naturally, that we share this argumentation and we mention that the defining of the theories by which the generalization of the patterns which were noticed experimentally should be made with prudence, taking into account the fact that the relations between the data and the theories are rather more complex. They involve the imagination, thus we cannot trace any rule. In these cases the analogy can play the role of conceptual model in the characterization of an assumption which can be only observed directly.

Also, we consider important for knowledge the “rigidity” in limiting the induction. This would mean giving up generalizations and altogether a contradiction with reality. Surely if we refer to the most simple and most traditional examples of induction (we see a multitude of white swans and none of other color, what reasons do we have then to believe that all the swans are white?), we have an interpretation, but if we refer to Darwin’s theory of evolution, the interpretation is entirely different.

From the perspective of our interpretative process, we believe that the shades are important. Peter Godfrey Smith considered that a form of inference which is closely connected to induction is the projection, using two types of non deductive inference: induction and explanatory inference (Smith, 2012, p. 43). In projection, Godfrey said, we infer starting from a number of observed cases to reach a prediction about the following case, and not to a generalization about all the cases (we see a series of white swans and we infer that the following swan will be a white swan). This, we say, can be named an immediate prediction which flows from an observed event, which is very probable a continuous one.

However, there are also other cases of inherent undeductive predictions. In the 80s Luis and Walter Alvarez have claimed that 65 millions years ago a huge meteorite hit the Earth, causing explosions and calamitous changes of climate.

An important key in favor of this explanation is the presence of rare chemical elements in high quantities, such as the iridium, which can be found in strata of the Earth crust, 65 millions years old. (Alvarez, L., Alvarez, W., Asaro, Michel, 1980: 208, p. 1095-1108).

This type of interferences Godfrey named explanatory inferences, Peirce named them adductive inferences, while Harman and Lipton “inferences to the best explanation” (Harman, 1965, p. 88-95). Unlike the inductive influence (the inference from particular cases to generalizations), the explanatory inference is defined as an inference from a set of data to a hypothesis about a structure or a process which explains the data (Smith, 2012, p. 299). From our point of view, the ones who try to cancel the differences between explanation and prediction make the mistake in not seeing the “what it has been” from “what it will be” or “what it could be”. At least, at theoretical level, when we explain “something”, we already know that that one has happened and eventually we can prove that it could have been anticipated. When we make a projection we start from “something” which we have identified to an argument which contains a law of nature (premises, hypotheses or whichever we want to name them) and we issue a conclusion which is more or less achievable.
The explanation will not be considered a formal deduction, but an argumentation which uses notions with a precise signification. The object of the explanation is not abstract entity, but real phenomena. The relation between the explanation and prediction is approached in the following manner:

- in the case of explanation, the consequence “C” took place because there had been initial phenomena “S”, future phenomena were produced “U” and based on laws “L”, the consequence was produced; thus, the consequence is explained through premises and through laws of governing. From a temporal perspective the consequence “C” is based on the events which have already taken place. Its truth depends on the capacity of the interpreter to understand and assert correctly the premises:
- in the case of prediction, the consequence is fundamented on the initial phenomena, the ones which are expected to take place and on the laws which govern them. The prediction is based on “what it has been” but also on “what it will be”;
- in the case of the explanation, the level of relativity is given by the capacity of the interpreter of perceiving what it has been, which in the case of prediction appears as the unpredictable.

8.2. The limits of the deductive interpretation

The interpretation in the field of economics and of the social cannot generalize the assumption of transitivity. If, for example, “X” is friend with a “Y” and “Y” is friend with a “Z”, we cannot say that at most “Z” is friend with a “Z”. If from a logical perspective, the clarity is undeniable (the truth of the premise leads to the truth of the conclusion), from the perspective of the gnosiological interpretation the things are different. We can never say that if “a” has overtaken “b” in a sports competition and “b” has overtaken “c”, then “a” will outrun “c” in a direct competitive context”. This thing is not possible as the context changes. Our research demands a special attention to the context because of this reason and we will try to show that the context has a determinant role in prediction.

The limits of the interpretation are connected to the limits of the pattern of interpretation, which Petre Botezatu calls the antinomy of power (the growth of the power of the syntactic system, its “ambition”) of being interpreted in a broader theory, the antinomy of purity (the elimination from the intuitive suppositions from demonstration leads to the insufficiency of the fundament), the antinomy of preciseness (the preciseness of the terms is doubled by the idealization of the objects, of the reference if the theory, which can take us in the situation, which is not a pleasant one, of dealing with something else than we have intended), the antinomy of abstractness (the abstractness of the structures implies the indetermination of the theory).

The limits of interpretation also take into account the impossibility of anticipating the “unknown”, then when we consider the prospective discourse. Many researchers of the future have fallen into this trap, people who are Nobel awarded. The conclusions which can be taken from the projects “The Limits of growth” or “humankind at crossroads”, “the new international order”, “the catastrophe or the new society” have not passed the test of time.

9. Concluzii

Without minimalizing or neutralizing the importance of the economic paradigms, already existent, (the paradigm of the “invisible hand”, the one of interventionism etc.) or the role of econometrics and of the economic analysis, time is a factor of decision and has showed their limits in their confrontation with the reality of the phenomena and of the economic processes.

A general theory of interpretation might avoid, so we consider, the undervaluation of the potential of the science and technology, the overvaluation of the impact of the remodeling of needs, the insignificant importance given to the change of the systems of value, the change of the individual, common, social and global mentalities. In evaluations we have to take into account the historic continuity, without ignoring the discontinuity. In economics, and especially in macroeconomics, the solutions do not submit exclusively to a logic reasoning (formal: true, false) but to a pragmatic reasoning. If we refer to the prospective economic research, this should be made with other tools than with the ones of the econometrics, namely with the positivist science. To control the perspective by means of patterns entirely, means to know by now everything that is going to happen. In the complexity of the nowadays world, the “tunnel vision” of the expert is as an inefficient approach as the thinking of the Cartesian reasoning. In econometrics there is not only cause and effect, not only a bi univocal connection. There is a chain of causes and a multitude of effects which in their turn can become causes. Predominant is the holistic thinking. In order not to fall in the trap of quietism, of the slow pluralism, the general theory of interpretation must take into account the validity of the hypothesis and the logic reasoning. Economics is seen as an assembly of the human actions and it is interconnected with praxeology and the language asks for the formal register, as to facilitate our interpretative step.
As any theory which is based on the principles of classic logic, the general theory of interpretation has its limitations, which do not weaken its status, but on the contrary it tries to limit the possible errors which can appear in the interpretative action. Moreover, we do not claim the unequivocal.

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