

## The Rationality of a Social Animal

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**Abstract.** *Different social sciences study human beings. Economics is one of them and it is focused on a specific field of human action and social cooperation. The entire human collaboration is based on significant moral and ethical standards. If we want to understand how people are involved in economic (and other social) relationships, we need to understand the human nature. There are many scientists that consider human beings to be closed to animals, often being dominated by impulses and feelings difficult to be controlled. An inter-disciplinary science has been developed – behavioral economics that provide an interpretation to human action from this perspective. The idea to consider human beings closer to animals (social or not) is an argument to introduce a third party (the state) that should regulate and control the human actions do not become aggressive or disruptive. The state is viewed as panacea to these imperfections associated to the human way of acting and cooperating. Crisis is considered to be determined or enforced by such imperfections. This paper discusses the idea of rationality in human action and argues against this common approach about its nature.*

**Keywords:** *human action, praxeology, social cooperation, state, public intervention.*

### Introduction

Economics is a social science studying the behavior of people when they are involved in production and exchanges. Due to its lesser predictability (human beings have free will and stones not), economics is placed by various scientists on an 'inferior' position than natural sciences, that are more predictable and more adapted to be mathematically formalized. Predictive models about prices or about market tendencies are run with higher errors and uncertainty. The general feeling about economics is that this science is about nothing and useless in most cases. In reality, economics is a very complex and sometimes too difficult to be explained and understood. The wealth of regular people is based on narrow specialization of people to produce goods and services to be exchanged on markets for other goods and services produced by others. Production without exchange facilitated by markets and medium of exchange is nothing. When exchange is involved, uncertainty is involved because people may change their decision when they are presumed to consume the produced goods or services. Competition and other consumption alternatives (example: water instead of cola) could change our preferences in an unpredictable way. Exchange of production

should be the only way of increasing individuals' wealth. Unfortunately, state intervention significantly altered the healthy way of increasing this wealth by individuals: political "entrepreneurs" fuelled by taxes (fiscal "entrepreneurs") and by inflation (monetary "entrepreneurs") are competing now with real entrepreneurs for redistributing their wealth through very complex public policies. Higher profitability of political entrepreneurship is negatively influencing the willingness of people to be involved in real entrepreneurial activities designed to produce real goods and services for intermediary of final consumption.

Individuals act in the same time as producers and consumers. We are carrying on us both position simultaneously, being difficult to separate our behavior accordingly. We cannot act as consumer without being conscientious about the other position and vice versa. Additionally, before consuming anything, we need to be involved in a productive process connected to the preferences of others. Production is always initiated before later validation of its results by consumption of others based on their preferences. For this reason, any individual should be more interested in his productive function than his final consumption. Anyway, there are few individuals (political entrepreneurs) not so interested in their specialization and productive capacity because they can obtain necessary resources for their final consumption without not so many efforts. Political entrepreneurship is the only consumption scheme that does not require to produce something before (the Say's law is completely refuted in this case). There is always a time gap between the moment of allocating the resources to produce something (in the present) and the moment of achieving a profit from sells of this production on the market (in the future). Higher manufactured goods need more productive phases, more capital and intermediary goods, in fact, more time to be offered to consumers. Therefore, uncertainty is always present in any economic calculus and all forecasts about market conditions are submitted to contain higher or lower error. Real entrepreneurs are assuming entirely this error; if the estimations are significant, different from the market condition the losses will be totally charged to them. Political entrepreneurs (monetary and fiscal ones) will never assume their failures and will redistribute their losses to taxpayers or money users. Markets' "invisible" hand will ensure the survival of the best entrepreneurs, those that will succeed to better estimate the market conditions (consumer preferences, competition reactions and shifts) will resist, the others will be slightly eliminated and replaced by new comers (Smith, 1789).

The exchange is the key issue of the science of economics. Economics is a science that studies the voluntary exchange of goods and service, proposing a peaceful (non-aggressive) way of increasing the individuals' wealth. When

political entrepreneurs are introduced in the economic science, a new aggressive way of gathering resources from the others (through redistributive schemes) started to be studied. Instead of being a science of peaceful mean of improving our wealth, economics become more and more a science about politics and policies of aggressively redistribution of wealth obtain by real entrepreneurs. More and more scientists are enrolled to defend the aggressive redistribution and to provide a “theoretical” support for it: Keynes, for instance, hardly argued about neutrality of money production, providing arguments to all monetary “entrepreneurs” to expand significantly the quantity of money and to reduce the purchasing power of its users (Keynes, 1936).

Individuals are imperfect when they act in an economic way: when they produce something to be sold in the future there is a limited time for deciding, limited information available and limited capacity to give a proper interpretation to the assessed market conditions. The imperfections of business context (internal and external business conditions) are adding more imperfections to human actions. Market is a mechanism designed by imperfect individuals to facilitate their exchange. The imperfection of this market is something natural and cannot be improved by any artificial mechanism (such as is the state intervention). It is an illusion to believe that state (a complex combination between institutions, regulations and people working and applying them) is perfect and ensures a better correction than the invisible hand of the market.

### **The nature of man: different approaches**

Economics of state intervention is based on the idea that human beings are imperfect and often greedy or scoundrel in the contractual relationships with the other. Economists that defend the role of state are considering man closer to animal than to human, and therefore they argue for a necessary correction and control mechanism that always should be a political and public one (the state with its regulations and institutions). Human nature is often invoked in different debates and by different ideological approaches for justification the existence of the state and the nature of its intervention. The approach of man as an imperfect economic actor dominated by instincts and feelings affecting his rationality continues to fuel the fans of state interventionism always obsessed by their desire to be those in charge to temper in different ways the scoundrels living inside of each of us. Without consistent arguments, State, that populated by irrational or imperfect representatives, is highly promoted to be an efficient protector against other irrational or imperfect people involved in voluntarily imperfect exchanges through imperfect markets.

The starting point of this approach is Aristotle that mentioned for the first time the term of the “social animal”: *“Man is by nature a social animal; an individual who is unsocial naturally and not accidentally is either beneath our notice or more than human. Society is something that precedes the individual. Anyone who either cannot lead the common life or is so self-sufficient as not to need to, and therefore does not partake of society, is either a beast or a god.”* (Aristotle, 350BC). The most convenient interpretation given to the original Aristotle’s approach is that human action always includes something that is borrowed from animals, inferior beings (instincts, fear, greed, feelings etc.) and this human action never could be discharged by this instinctual way of acting that determines us to behave aggressively with the others, to refuse social cooperation, to hardly fight for surviving and to have a significant conservative reaction or herd mentality.

Socialists adopted quickly this convenient approach. Hitler, a nationalist socialist, provided the same an approach for human nature that is closed to animals: *“You are the product of this struggle. If your ancestors had not fought, today you would be an animal. They did not gain their rights through peaceful debates with wild animals, and later perhaps also with humans, through the comparative adjustment of relations by a pacifist court of arbitration, but rather the earth has been acquired on the basis of the right of the stronger”* (Richard Weikart, 2009 citing Hitler, 1925). Hitler observed that human beings like animals are not able to co-exist only with the others from the same species and deviation from this “law” is present in only in special circumstances (Hitler, 1925, p.236). In the same book, Hitler is separating Arianne Race from the other races, considered inferior and he positioned some of them on the same level with animals. He stated also that superior human races (Arianne) based their development on the existence of inferior races that are the first mechanical tools (Hitler, 1925, p.235). Hitler’s approach provided also another idea that is present in almost interventionist approach: the state is always an emanation of a superior race (in case of Hitler, this superior race was the Arianne and, in case of modern interventionism, this superior race is political elite). According to him, inferior people or races (imperfect individuals in case of modern interventionism) do not succeed to organize themselves and they necessarily need to be leaded by superior races (or classes in case of modern interventionists). Inferior people rarely are able to pass out of simple family organization form (Hitler, 1925, p.246). Hitler observed also that inferior races and individuals are behaving like animals, dominated by primarily needs (food, security), have a strong conservation instinct and are hardly fighting for their day-by-day survival.

Marx opinion is not far away from Hitler’s approach on human nature. According to him, man is an animal that creates and uses labor tools. He is

influenced by Benjamin Franklin's approach, despite the fact that at that time was already known that are animals that use tools like humans: "*the use and fabrication of instruments of labour, although existing in the germ among certain species of animals, is specifically characteristic of the human labour-process, and Franklin therefore defines man as a tool-making animal*" (Marx, 1867, p.225). Marx is pleading for labour association that stimulates the animal spirit from human beings and that multiply the efficiency of their work.

The approach of Keynes is on the same way. Keynes admitted that all major human decision is imbued by "animal spirit". An important part of human nature is dominated by instinct and everything that is closer to animals than to humans: "*Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as the result of animal spirits*" (Keynes, 1936).

We can add the representatives of modern state interventionism that adopted a similar position. Mankiw considered that the cause of crisis is the over-optimism of people that is suddenly replaced by over-pessimism: "*Often, a period of optimism, leading to a large increase in asset prices, precedes a financial crisis. Sometimes people bid up the price of an asset above its fundamental value (that is, the true value based on an objective analysis of the cash flows the asset will generate). In this case, the market for that asset is said to be in the grip of a speculative bubble. Later, when sentiment shifts and optimism turns to pessimism, the bubble bursts and prices begin to fall. The decline in asset prices is the catalyst for the financial crisis*" (Mankiw, 2012, p.576). Mankiw is avoiding providing an economic or logical explanation for the source or nature of this over-optimism and the causes of sudden shift of humans to the opposite mood. Stiglitz are associating people with lemmings and he considers that the crisis is generated by the herd mentality of humans: "*Lemmings will follow each other over a cliff. Humans sometimes behave in ways that seem equally foolish... Bubbles have similar characteristics. Some people are foolish enough to believe that the price of housing will go up forever. Some may have some degree of skepticism - but believe that they are smarter than others and so will be able to get out of the bubble before it collapses*" (Stiglitz, 2010, pp.109-110). Krugman (2009, p.178) is convinced that the last crisis was generated by the panic steamed by the bankruptcy of important financial institutions: "*within days it was clear that this had been a disastrous move: confidence plunged further, asset prices fell off another cliff, and the few remaining working channels of credit dried up. The effective nationalization of AIG, the giant insurer, a few days later, failed to stem the panic. And one of the casualties of the latest round of panic was the carry trade*". This panic, in his opinion, is affecting the confidence of consumers and, consequently, the demand for goods and services is decreasing. Dominated by their spirit of

conservation, people will reduce their consumptions and their spending that are vital to support productive activities. Roubini and Mihm (2010, p.23) discussed about a speculative fever as a cause of crisis, this speculative behavior or markets' participants being fuelled, in their opinion, by technological improvements or changes in the financing structure: *"in the last few hundred years, many of the most destructive booms-turned-bust have gone hand in hand with financial innovation, the creation of newfangled instruments and institutions for investing in whatever is the focus of a speculative fever"*.

Finally, Kaletsky (2010, p.87) associate 'fear' and 'greed' to economic cycles: *"(T)he alternation of greed and fear certainly causes losses and economic disruptions in the short term, as well as suffering among innocent bystanders who have no involvement in finance, but in a longer historical perspective, financial cycles can be seen to play a crucial part in the evolution of the capitalist system"*. Economic cycles are keeping human greed and fear under control. Talbott (2010, p.2) considers that *"people cared more about the ends than the means to reach those ends"* and he is convinced that crisis occurred due to deregulation of financial markets and lack of control of 'greed' and 'un-ethical behavior' of investors and financial operators: *"(S)o to understand the real reason why this occurred, you can't just stop at deregulation as an explanation. You have to ask why the deregulation was allowed to occur by our Congress and our President. The simple answer is that they were paid to deregulate industry. Our Congress and our President take billions of dollars each year from business and banks and Wall Street in the form of campaign contributions"* (Talbott, 2010, p.4).

All these approaches have a common key element: human beings are seen to be imperfect and dominated by conservative spirit, herd mentality and instincts. These approaches see humans closer to animals than to those thinks that are separating us from animals. These approaches are propagated with a clear purpose: the solution is to enforce the state as corrective structure. State is the emanation of "superior" representatives commonly placed above laws and democratic control of "inferior" people. The privileged class (political entrepreneurs) are considered to be the best suited to coordinate the live of "inferiors" by adopting policies, regulations and by creating and enforcing institutions to implement such coercive and aggressive intervention in the life of regular individuals. One reasonable question is the following: how a "state" populated by imperfect people (but "superior") could be solution for other imperfect people ("inferior" classes unable to coordinate themselves)? Political entrepreneurs populating the "state" claiming to be superior and better coordinators for the whole society are always acting to serve their own interest. They are dominated by their natural instincts and spirit of conservation and, because they are backed by "state" (an aggressive mechanism), they act worse than animals. Their

privileged political force significantly intensifies their “animal spirit”. The voluntary social cooperation is slightly replaced by cooperation based on force and aggression (superior vs. inferior classes are constantly opposed) and political entrepreneurs become naturally closer to animals than regular people cooperating in the free market do. Those we are “accepting” to be shepherds of our imperfection will behave worse than the existent “social animals” involved in voluntary changes of goods and services facilitated by markets and medium of exchange due to they will gain so much absolute force that is higher than the power of the biggest private monopolist.

On the other hand, there are many people seeking voluntarily for this illusory protection provided by the State against the imperfections of our world. Some authors consider the State intervention (protection) to be inevitable due to the existence of potential predators of resources that will produce more damages and victims than the state intervention does: *“government may not be desirable, it is inevitable because if no government exists, predators have an incentive to establish one”* (Holcombe, 2004, p.333). The States are more or less predators with their taxpayers but fewer predators than private rubbers moving from a population to another to steal their resources. The preference for State intervention of individuals is argued by a fear to act completely free and fully responsible for any consequences derived from these actions: supporters of State’s protectionism *“failed to emphasize sufficiently, and to examine the implications of, the fact that liberty carries with it responsibility. In addition, it seems evident that many persons do not want to shoulder the final responsibility for their own actions. Many persons are, indeed, afraid to be free”* (Buchanan, 2005, p.23).

Economics should remain the science about humans acting different from animals. The actions of humans described and studied by this social science are placing us above the most intelligent and evaluated animals: humans are exchanging goods and services, they are using money to facilitate such exchanges, they are able to calculate the profit, they are using prices or they are saving capital. We also have the free will to change our mind in all these specific activities. The approach on humans to be able to get the fire, to use tools to get resources or to be able to save food for winter like some animals or insects are doing is too limited and does not explain at all the complex society we built in a very short period of time. When we are talking about humans to be dominated by animal spirit when they are acting, we ignore the key elements for human nature that should be studied by economics. Among the other social sciences, economics is providing those key elements for a better understanding of human nature. It helps us enormously to understand us as evaluated beings and unique in the whole Universe.

Without clarifying the way of seeing the humans, you cannot say too many relevant things about their actions and the consequences of them. There are many economists claiming to discuss about “economics” by completely excluding humans from their approaches, humans that are key actors of this complex science.

### **The rationality of human beings when they economically act**

When we act as economic agent, we are submitted to have a specific objective pre-defined. To achieve this goal we are allocating different resources (including capital, labour or natural resources). The results should be obtained with the minimum effort or minimum quantity of allotted resources. Therefore, rationality of human actions is related to the maximization of utility when we are acting as consumers, maximization of profit when we are acting as producer and maximization of wealth when we are acting as investors or capitalists.

The consistent starting point of approaches on the utility-maximization rationality of human beings is considered to be that provided by Mill (1844) that defined rational man “as a being who inevitably does that by which he may obtain the greatest amount of necessaries, conveniences, and luxuries, with the smallest quantity of labour and physical self-denial with which they can be obtained”. Bentham (1789) has a similar approach that talked about pain and pleasure that govern the human nature. Expected utility theory defined by Neumann and Morgenstern (1953) and later developed by Arrow (1965), Pratt (1964), Savage (1951) and the criticism of Allais (1953) continue to dominate the choice under uncertainty. In fact, the economic science developed later five distinct types of rationality (Blume & Easley, 2007, p.3-4): (i) general choice theory that defines rationality as a preference based on a choice function taking into consideration the individual’s budget and its consumptions set; (ii) expected utility theory that associates a set of probabilities to a set of outcomes and the choice is based on maximization the utility of expected returns; (iii) subjective expected utility distinct between objective probabilities (associated to gambling) and subjective probabilities (when human action is involved such as a car accident probability in a particular area); (iv) rational expectations supposing an adjustment of probability distribution of payoffs based on individual’s choice, this ‘true distribution’ being used to adjust the state of nature and (v) non-cooperative game theory adjust the probability distribution of payoffs upon the beliefs on the choices of the others, supposing that everyone’s beliefs are correct.



All these approaches are using different functions of payoffs to a choice, preferences over choice, probability (objective / subjective) distributions. These functions used to describe the rationality have specific mathematical attributes in terms of their continuity, monotonicity, linearity, marginal rate of substitution etc. Axioms on these utility functions (such as transitivity, completeness or independence) have been defined. Cardinal utility (based on utils, a generic measurement unit) was opposed to ordinal utility (using ranks instead of utils). The general equilibrium theory and its later developments are based on this approach of utility-maximization rationality.

What we can observe from all these approaches is their inconsistency and their limitations. The rationality and irrationality in economic sciences has now different definitions. In fact, each economist is providing his own approach on this subject. Psychological and behavioral dimensions are added to the debates on rationality. The inconsistency of the approaches on rationality of human choices is due to the erroneous / biased definition of it. Economic action means specialization in production of goods or services (division of labour) and implication in extended exchanges of them against other goods or services produced by others. All these exchanges are profit oriented and are facilitated by markets and medium of exchange (money). Prices generated by market are used to calculate and, therefore, to allocate resources in different productive schemes. Human action is rational when we have a specific goal to be achieved. In case of economics, this goal mainly consists in satisfaction of a specific need that could be satisfied in various ways and the Say's law is perfectly valid: before consuming something, we need to produce something that should be sold on the market to others. The connection to the market is compulsory for everybody interested to achieve their ends connected to their needs. When humans are conscious to define a goal for their actions they are always acting rationally. The approach of Mises (1998, p.18) is consistent with this broader definition of rationality in human action: *"Human action is necessarily always rational. The term 'rational action' is therefore pleonastic and must be rejected as such. When applied to the ultimate ends of action, the terms rational and irrational are inappropriate and meaningless. The ultimate end of action is always the satisfaction of some desires of the acting man"*.

Humans rationally involved in economic activities will analyze different possibilities to achieve their defined goal, they will allocate specific resources and they could fail or they could make huge mistakes trying to do this. They often act by being dominated by sentiments, by following a herd mentality or by being strongly influenced by different closed groups (family, friends). Imperfections of markets or existing information and their limited ability to give a correct interpretation to market conditions do not affect this rationality. In all cases they are acting perfectly rational, including the errors

they are often made. As Menger (2007, p.148) clearly pointed out long time before: *“Even individuals whose economic activity is conducted rationally, and who therefore certainly endeavor to recognize the true importance of satisfactions in order to gain an accurate foundation for their economic activity, is subject to error. Error is inseparable from all human knowledge”*.

If somebody will act without maximizing a pre-defined function of his payoffs or maximizing the utility function it could not be submitted to be irrational. Irrationality is not common to human action, human beings having capacity to dominate their instincts or feelings in a conscious way: *“While all other animals are unconditionally driven by the impulse to preserve their own lives and by the impulse of proliferation, man has the power to master even these impulses”* (Mises, 2010, p.19). This is a very important difference between humans and beasts.

Rationality of economic man is impossible without markets, prices and a sound medium of exchange facilitating the achievement of ends connected to needs. The state intervention that alters market mechanisms, contracts and the use of private property on various resources will reduce this rationality of human action. With fiat money, fiat interest rate and fiat exchange rate is impossible to talk about an appropriate economic calculus. With so much regulations and institutions that are costs for real entrepreneurs, their rationality will be strongly diluted: *“...without an external market for wage rates, rents, and interest, there would be no rational way for entrepreneurs to allocate factors in accordance with the wishes of the consumers”* (Rothbard, 2009, p.608).

Finally, we can re-affirm that all human actions that are submitted to a consciously assumed goal are rational. It is impossible to discuss about humans such as about automatons (computers, robots, machineries) following specific mathematical functions that need to be maximized, derived, continuous, linear or monotonic. Probabilities distributions are difficult to be extended to a class of humans due to they are circumstantial of time and place: when they are determined for a specific consumer using a specific budget, it is erroneous to be extended to others, to other markets or to the future behavior. If our behavior does not fit to such functions, models or probability distribution does not mean that we are irrational. We are forced to cooperate with others in exchanging goods and services. The productive actions ensuring the necessary resources for further consumptions satisfying our needs are necessarily to be connected to the markets. The state intervention hampering the markets' mechanisms will significantly alter the economic calculus and will extend the uncertainty above its natural level. Our rationality will be altered too.

## **The gap between human and animals: an economic perspective**

Definitely, human nature is above the animals or beast. We are nor animals, either 'social animals' at all. Always when we act, we have a conscious well-defined end, commonly consisting in fulfilling a personal need like eating, drinking, educating or socializing needs. This needs or pleasures require efforts and resources that should be obtained in a very pacifist way – social cooperation. In our evolution, we discovered that social cooperation has lower cost than any other aggressive or violent way of gathering necessary resources for our existence such as plundering, social riots or war. Redistribution fuelled by state intervention could be considered in the same category of violence.

This aggressive way of prospering is closer to the animals' behavior. The pacifist way of obtaining resources through social cooperation make us different from beasts. Therefore we can observe that economics is a science of peace and cooperation not a science about conflicts and. This science was recently wrongly populated by the 'economics' of state intervention (like fiscal or monetary fields) that are more politics than economics.

If we are looking to humans from economic (and not political) perspective, we see how complex and different we are compared with beasts and animals:

- We discovered one of the most complex voluntary social cooperation mechanisms that are the exchange of goods and services between us. Exchange taught us to search for a personal specialization in producing a limited number of goods or services. We discovered that, if we want to obtain different goods, it is easier to produce one good in a quantity higher than personal consumption and to exchange it against other goods we are not able to produce or that have a higher cost if are produced by us. A rate of substitution between goods has been adopted. This rate of substitution takes into consideration the scarcity of resources needed to produce different goods and the intensity of demand for produced goods. No animal discovered this yet.

- Initially, this exchange was very rudimentary supposing no medium of exchange – simply called barter. Barter was too complicated for economic calculus. Rates of substitution of each good against other traded goods are too complicated to be managed by those involved in productive operations. Therefore, humans introduced a medium of exchange and permanently improved it, from shells to gold. No animal is using a medium of exchange.

- This medium of exchange produced prices – a homogenous rate of substitution of all goods and this medium of exchange. A free competition between commodities used as medium of exchange was permanently maintained. Trade was easier now. Prices facilitated economic calculus in

terms of incomes, costs and profits. You will see no prices or economic calculus to specie of known beast.

- We developed markets and contracts to facilitate the transfer of property on goods and services. There is no market or contract signed by animals when they are 'transferring' resources between them. The term of property is also unavailable at their level.

- We discovered savings and capital, the necessary pre-requisites for any investment. Savings means that present consumptions are postponed and accumulated to be used for producing capital goods (fishes saved to build a fishing rod). A price for this capital was introduced to facilitate the borrowing of it to others. No animal discovered this yet.

- We discovered that investing together the capital is less risky and provide more rapid growth for existing entrepreneurial activities. We invented bonds and equities to facilitate such combination of capitals. We organized the business in more complex forms like firms or corporates are today. You will not find any corporation in animals' world.

Economic science was developed to study and to facilitate the understanding of these things. Economics is a very complex science with many useful 'axioms' like: (i) before consuming something we need to produce something and to sell it to the others; (ii) we are preferring now rather than later; (iii) we must save resources to be able to produce capital goods and to extend the productive process; (iv) demand is directly influencing the price of a good (higher demand means higher price); (v) supply is indirectly influencing the price of a good (higher supply will reduce the prices); (vi) there is no 'free' lunch or goods that could be created by nothing; (vii) moneys are not neutral to economics; (viii) any quantity of money could serve the exchanges between individuals; (ix) we act always in the future and, therefore, our presumed results are submitted to be always uncertain (future is partially known by any human science) and the list could continue. These 'axioms' have the same importance like the laws or axioms from Physics or Mathematics. The difference between economics and other natural science consists in the power of prediction and the availability of experiment. Economics is dealing with similar powerful 'laws' like natural sciences but with fewer constants. Economists can say that the price will be higher when the demand will increase similar with an engineer that could say that a building will collapse due to gravitational forces. However, economist cannot say how much or intense will be that increase of price with so much accuracy like the one that engineer can say about that building resistance. Economics is not about measuring such variations of market conditions that are submitted to be very improbable. Economic calculus is not science, it should remain an entrepreneurial activity, totally assumed by those directly involved in the resources' allocation in different productive schemes. Management of uncertainty (some are calling risk) that is associated to

markets, is not science. All calculations that include uncertainty could use scientific tools but should be kept outside of economic science. Economics is about logical causality of phenomenon undersigned to human action.

Our society remained like a termites' hill or penguins' nesting area without all of these things included in the category of human action and studied by a science like economics. Certainly, the human society is above anything created by animals and this is the main argument in the favor that we are not animals. Those who misplace the human beings in the category of animals or beasts and that are insisting on the impulsive dimension of our nature are failing to understand the logic behind human action. They are failing to understand economics as science of human action. Of course, we have similar headache like a monkey when we produce and sell something to the market but this does not means that we are animals.

The idea of considering humans to be imperfect like animals is a good argument for proposing a mechanism or a policy to 'correct' it. The arguments for state intervention are clearly fuelled by such approach: markets need to be regulated by governments, money to be produced and controlled by state, prices' stability to be controlled by central banks, competition on the market to be permanently controlled by an authority, consumers rights need to be defended by a state authority and so on.

Politically designed (voted on named) representatives will populate such authorities and institutions and will extract wealth from others' wealth directly obtained from exchanges, without producing ever something valuables than costs and exchange barriers. Finally, all of us will want to be political entrepreneurs and will start to fight like animals on the goods and services produced by fewer numbers of real entrepreneurs. Political entrepreneurs are like animals (aggressive, violent), real entrepreneurs are not (always searching for peaceful and voluntary social cooperation with their employees, investors or clients). Economics is referring to the last category, not to the first one.

## **Conclusions**

Man is definitely above the animals when he acts economically. Economists are more interested in human actions and their consequences and not in the biological or anthropological aspects behind the human existence when they produce and exchange goods and services with the others. Domains like behavioral economics are less relevant for economics and to explain correctly the resorts of human actions. There are a lot of thinks and aspects that clearly separate us from animals or plants and make us to be superior and complex

beings. The evidences reveal no actions similar with those done by humans including specialization in production of goods, participation to voluntarily exchanges, savings of capital, investment of capital. Moreover, humans created specific and unique mechanisms to facilitate such actions: markets, medium of exchange, contracts etc. Human nature is very important to be correctly understood and assumed if we want to understand the human actions.

The “scientific” interest to treat humans like imperfect operators and closed to less superior beings has a particular ideological or political interest: to create the reasons for enforce the state intervention and to propose it as a panacea to different problems that naturally exists when humans are acting and that are impossible to be removed from our world by a superior class of political entrepreneurs. When we notice about how imperfect we are (that is normal) and how subjective we are allocating resources throw voluntarily exchanges (that is normal too), the first thought will be to search for protection of a superior body, the state, that impartially should provide solutions to our problems. In fact, state intervention is nor protective, nor impartial and nor oriented to solve our problems. State intervention is an illusion and promotes a massive redistribution from real entrepreneurs to political ones. It is easier to live by taxing others or by printing your own profits than by accepting the whole uncertainty of the voluntarily exchanges. Therefore, more state intervention (meaning more political entrepreneurs connected with this massive redistribution) will conduct to more state intervention. Good economy is slightly destroyed and replaced by bad economy (like in case of money).

We are not perfect and never will be. Therefore, the mechanisms proposed to facilitate the exchanges (such as markets or contracts) never will be. The public institutions (such as public authorities for competition or public authority for consumers’ rights or protection) proposed to control or to improve the imperfection of these mechanisms are useless and are source of bureaucracy and corruption for imperfect public servants that are populating them. Prices generated by markets, in accordance with consumers’ interest to buy different goods and services, are always instable and should be like this because they are carrying important information for all markets’ participants. Therefore, a public institution, like central bank is, concentrated on ‘price stability’ is very problematic for everybody involved in economic exchanges.

We always act in the future and future is always partially known by humans. This is due to specific factors: imperfect information, limited time to decide or limited capacity to understand and to provide an appropriate interpretation to available information. Our calculations about the future will

be always subjective and subject to errors. These errors are important for human action and for individuals' personal development. Uncertainty will never be removed from human action and should always be assumed by individuals and not pass to others by a third operator, as if the state pretends to be. Arbitrarily redistribution of uncertainty and bailout of arbitrarily chosen individuals promoted by state intervention is negatively altering the human actions.

Humans are always rational when they act. We have a goal and we are consuming resources and energy to achieve that goal. Irrationality is a particular form of treating humans like 'animals' or 'inferior' specie that, again, need the help or intervention of a superior body. Irrationality proposed by economic literature in fact is rationality. That individual buying dominated by sentiments, panic or conservation instinct is acting rationality. All these public institutions (such as financial markets controlling institutions) created to control, to judge the human actions from outside, and to propose corrective or coercive measures are useless and illusory. State intervention also remains arbitrarily when tries to adjust a wrong (subjective) defined irrationality of human beings.

Finally, we can conclude that economics is not a simple science due to the fact that human action is more complex than what animals are doing for survive. Economics is more complex that natural sciences because is explaining the human action in the absence of experiments, with fewer constants and with less predictability than any biologist or chemist are doing.

**Acknowledgment:** This paper is a revised version of the paper presented to *International Academic Conference Strategica: Management, Finance, and Ethics*, Third Edition, 2015.

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Received: October 27, 2015

Accepted for publication: January 12, 2016