RATIONAL ECONOMIC THINKING: THEORETICAL APPROACH

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ABSTRACT:

The conception of classical economics is in harmony with its philosophical foundations, the absence of these bases is clearly observed in the hypothetical proposals of the marginalist revolution. Rationality is instrumentalised to respond first to the theoretical need for causality, even heterogeneous approaches risk reinforcing the limits of this role by several determining variables. However, this trend is presented as a legacy of positivism, pointing to a paradigm problem, not a disciplinary dilemma. In order to analyze established economic rhetoric, the semantic equivalent of basic economic concepts must be illuminated. It must be shown that the phenomenon of "rationality" discussed in this context is not the backbone of the traditional approach, but the Achilles heel. Such an effort must carry the rational attitude in its internal dynamics, because it requires an epistemology parallel to ontology. The methodology of institutional economics makes it possible to give this effort to the basic theory in economic and social sciences.

Keywords: rationality, limited rationality, marginalism, institutionalism.

INTRODUCTION

The concept of rationality is based on the intellectual and real relationships that man stimulates in his actions. The phenomenon, independent of the processes of normal definitions and of the positioning of rational behavior, is linked between a very precise vocabulary, at this level possession / deprivation is inherent in the social in the sense that it bears the contrasts of the ego / other - and even of the I / of the great other, etc., as Lacanian psychoanalysis emphasizes. Rationality commands the reflexivity of the social sciences, beyond being an object of epistemological research, uncertainty / loss constitutes the depth of the concept of "rationality", which has the function of validating and confirming the methodological paradigm. By making sense of linear cause and effect relationships, can be read as a success of the logical positivist paradigm, or can be interpreted as a distortion. It is clear that the analysis of information deriving from synthetic propositions a priori on the axis of the judgment matrix / and the presuppositions of Newtonian physics have meanings which go beyond supporting complexity structures with historical assumptions or spiral causation expression with simple vector signs. Of course, it is inevitable that the historical process will cause ontological rationality to evolve into methodological rationality. The coexistence of rationality with the act of thinking as a thinking mechanism itself obliges us to refer to certain categories in a theoretical study on this field (Yıl, 2009, p. 1-17). The choice between theoretical, procedural, substantive and instrumental definitions will promote an institutionally meaningful analysis.

However, revealing the transformation of rationality in the history of economic ideas in order to support future inferences will make the study's conclusions readable, despite the possibility of narrowing the interdisciplinary essence of the phenomenon.

This historical reading will form the basis of the judgment that, with a Foucauldian discourse, the subject can be stuck in a space in which the opposite interpretation is also involved, in the face of prevailing economic truths - rationality, homo-economics, etc.

1. THE CLASSICAL SCHOOL APPROACH TO RATIONALITY

Adam Smith “The Theory of Moral Sentiments (1759)” and J.S. The centenary period included in Mill's work “Utilitarianism (1861)” is associated with well-being-based Benthamite-subjective utilitarianism. In this sense,
the theoretical universe of classical economists rises on a paradigm of partial hypothetical utility whose subjective structure of positivism transforms the paradigm with abstract codes. It is inevitable that the pioneers of the classical school, as moral philosophers, will be directly at the center of their critique of established rationality when their approach to the social is ignored, but this approach follows from the fact that the analysis of a historical approach is supported by insufficient historical conditions. On the contrary, in the current discussions on rationality, a rupture which will shake the established paradigm will arise not from the criticism of the last semantic point reached by the concept, but from the method of first addressing at the institutional level.

Smith's famous example in "The Wealth of Nations (1776)" emphasizing individuality in relation to professional groups, the discussion that there is a conflict between his two great works based on the concepts of "individual interest and prudence" which continues to exist until today. In contrast, in "On Liberty (1859)", Mill (2008, p. 105), who identifies individual freedom with the welfare of others, finds himself in a controversial position in the context of explaining even attitudes altruistic social benefits for the individual.

The point to be emphasized is not the change in Smith and Mill's understanding of rationality, for although this process is easily debatable from the present point of view, the path in which the scientific advances of the time are integrated matches exactly the path dependency, as presented by Smith, to the search for a model of the deductive methodological conflict of social sciences and natural sciences. The disembodied manifestation of economic relations anchored in social life is the premise of an economic paradigm colonizing social relations. With the pioneers of the neoclassical school (Jevons, Walras and Menger), the human being as a social entity, the subjects that derive the economic relations from social life, the existence which has the calculators of pleasure and pain, the language of economics turns into mathematics and its methodology turns into physical sciences (Yıl, 2009, p.74).

Rational behavior, which Mill categorizes as a style of maximization behavior, is reduced to a model that can be expressed by mathematical calculations in Jevons (Kurmzzaltun, 2017, p.58). As an identical name to the Cardinalist wing, Stanley Jevons wrote in the book "The Theory of Political Economy" published in 1871, the "law of diminishing marginal utility" - through the concepts of unitary utility, d'total utility and marginal utility - in which the development of utility in a certain period. With similar motivation, Leon Walras emphasized the concept of marginal utility in "Elements of Pure Economics" published in 1874 and Carl Menger in "Principles of Economics" published in 1871 (Kamilceleb, 2012, p.57). In the methodology of the discipline of economics, which it limits as a mathematical science, it is limited to mathematical rationality as a natural result.

"If the pure theory of the economy or the theory of exchange and value in exchange, that is to say social welfare judged by itself, is a physico-mathematical science such as mechanics or hydrodynamics, then economics should not hesitate to use the language or methods of mathematics. The mathematical method is not an experimental method but a rational method. »Walras, 2009, p. 78

Walras' definition of mathematical language as a rational method and not as an experimental method using the symbolic signs of mathematics as a basis, it also obscures the terminological structure of the concept of rationality insofar as it denies the fact that it is beyond limits of linguistics. The inductive transformation experienced only a generation after classical school is remarkable. In the primary plane the understanding of the rationality of the positivist paradigm suppresses the economic paradigm just as the statements contained in Irving Fisher's "Mathematical Studies on the Theory of Value and Interest" are the heirs of the economic rhetoric of the marginalist process.
"The economic world is a hazy area. The early explorers of this area had a non-humanitarian perspective. Mathematics is a lamp, and things that previously seemed blurry develop with it, revealing solid, precise lines. The old ghosts are disappearing. We see better and we see further." (Adacay and İslatince, 2013, p. 130).

Fisher's discourse is open to analysis: the fact that the economic world is a hazy field indicates the existence of a historical economism abstracted from socio-cultural reality, the structure of which has become more and more apparent with the mathematical method, while providing a legitimate basis for the deductive approach, its better and more advanced claim is clearly a deterministic argument. By including psychological factors in his studies, the relationship he establishes between needs and impulses and the idea that individuals can exhibit wrong behaviors; Although leaving Jevons and Walras, he is included in the neoclassical approach by defining the rational individual as the individual for the purpose of maximum utility (Yıl, 2009, p.82-83).

1. We thus speak of the concept of marginal utility is the "mathematical psychology" of FY Edgeworth although defined by indifference curves which allow the measurement of pleasure through a single unit; With the denial of external factors, ontological rationality is reduced to Pareto's rational choice approach (Kirman, 2017, p. 65). With its methodology, the break between the discipline of economics and the social sciences is growing (Yıl, 2009, p. 80-81). The violence created by the break with the ontological plane is attenuated by the cardinalist breakthrough. If universal laws and the teleological character of the established economy confer on the discipline an imperial role, the nature of the constituent elements is eroded.

The effort of marginalism to model the behavior of individuals requires a set of measurable models of behavior over time. Understanding the individual as an abstract and universal economic subject increases the explanatory power of these models. At the same time, this point means that the Austrian School of Economics examines the uses of mathematics in the discipline (Kaymak, 2015, p. Asymmetric knowledge, externalities, expectations, etc.

2. The diagnosis of Fine and Milonakis (2014, p. 21-22) reveals the marginalist transformation by asserting “The theory, which preceded the marginalist revolution and started with classical political economy, aimed to explain the capitalist economy and, in doing so, she used all historical and social factors from Adam Smith to John Stuart Mill to Karl Marx, economics was part of the social and historical environment, while political economy was a kind of unified social science which encompassed this vast field. The field of study of political economy has not been artificially separated from other disciplines or fields of study (...) All this changed with the marginalist revolution, in which economics was established as a discipline.

1.2 A progressive movement: a limited rationality

J. R. Hicks and R.G.D. Allen, in his articles entitled "A Reconsideration of The Theory of Value" published in 1934, emphasizes the scale of preference arising from the comparison of two sets of goods related to utility rather than being measurable, this idea shapes the separation of the concept of utility from the methods and tools of postismalism - instead of the concept of marginal utility. By preferring the concept of marginal rate of substitution and by apprehending rationality as an image of the act of “choice” (Kirmızıaltın, 2017, pp. 74-75), the consumption behavior of Paul Samuelson in “The Theory of Integrability in Utility Theory”, published in 1950. The notion of “coherence” modeled according to two axioms, it is an important step in the reduction of rationality to the action of “choice” and to economic submission to the identity of the consumer. Alongside the theoretical framework of the Walrasian Arrow-Debreu general equilibrium model, the philosophical foundations of economic methodology are subjected to hypothetical proposals with the work of Milton Friedman entitled “The Methodology of Positive Economics” published in 1952, which presents the model of rational behavior as the pivotal subject in the role of microeconomic agents making coherent choices”.

1- John von Neumann and Oskar Morgenstern “The Theory of Games and Economic Behavior (1944)” and Leonard Savage “Foundation of Statistic (1954)”, on the other hand, are based on the theory of expected utility and the theory of the modern decision. (Yıl, 2009, pp. 96-115), justifying the famous speech of Paul Samuelson on "burial by burial, the theory comes"

2- The critiques arise from the internal dynamics of the conception of rationality, which is reduced to the coherence of choices, due to the incoherence of preferences on the practical level.

3 Rationality: Considering the significance of the distinction of irrationality as a function of the duration of the behavior exercised and the limits that have arisen as a result of the effort to model this meaning, Herbert Simon, who received the Nobel Prize in economics in 1978, “Hypothesis of limited and restricted rationality”; It is very important in that it contains the argument “good enough”, which characterizes satisfactory behavior, despite the determination of psychosocial impulses in preferences and the impossibility of an optimal choice (Akdere and Buyukboyaci, 2015 , pp. 121-122).

Amos Tversky's studies based on “perspective theory”, environmental impacts, risk aversion, status, etc. show by quantitative tests that many factors can influence individual decisions (Kahneman & Tversky, 1984) .4 Akdere and Büyükboyaci (2015, p.122), the difference between the "theory of expectations" of Kahneman and Tversky and Simon's understanding of "finite rationality". He points out that it stems from Simon's failure to preserve the theory of maximization: the theoretical framework for Simon's understanding of rationality; It is built on the basis of Adam Smith's "causal actions of individuals " and Marshall's idea that "constant desire and will make action meaningful " and is supported by "patterns of behavior based on future expectations " by Keynes (Yıl, 2009, p.148-149). The preference of the dominant school in the history of economic thought for the
means of the physical discipline of suppressing biological reality has resulted in the denial of the procedural understanding of rationality. The marginalist modeling hypothesis produces hidden information of "unlimited rationality". Simon's limited rationality becomes concrete at this point. The connection of meaning that the agent establishes with action is formed in the determining and relatively rigid procedures of the social sphere. Simon considers constrained rationality in the context of the individual's understanding of space other than himself; because the hypothesis of atomized individuals in a real world independent of the decision-maker's perception, this requires decision-makers with the same cognitive variables (Simon, 1986, p. 210-211).

However, the factors that shape the individual's decision-making mechanism and behavioral patterns have formed based on these factors; Whether it is an abstract risk decision based on past models, ritualized or reflexive, it cannot be considered independent of sociological and psychological models. According to Simon (1986, p. 223), the functioning of procedural rationality has the complexity of molecular biology rather than the simplicity of classical mechanics. Therefore, interest-based utility maximization, which is examined through specific tests and daily economic practices, is far from a tool that directly defines the concept of rationality.

The methodological rationality of the integrated economy is much more limited than the interdisciplinary conception of the rationality of the phenomenon of finite rationality Simon (1978, pp.2-3), in his work entitled "Rationality as Process and as Product of Thought", will serve as the basis for the three approaches of behavioral economics and institutional economics that defined the important point.

The narrowed semantic nature of the definition of economic rationality is supported by stronger forms of expression. Until the definition has acquired optimal functionality for economic analysis, it will find phenomena that the discipline of economics can export to other social sciences. At this stage:

i) There are too many rational components that determine human behavior. However, this rationality is not so specific by economists of maximizing behavior, but rather in a broader everyday practice.

ii) Economics - in the established sense - deals with the consequences of rational choice rather than the process of choice / choice. However, alongside research in cognitive psychology and artificial intelligence, serious progress is being made in understanding the dynamic nature of choices made under uncertainty.

Simon's first diagnosis is clearly a revelation of economic imperialism. The limits of this definition require a methodological debate or the inclusion in this field will widen the limits of the study and the insertion of the Simon-Becker discussion within the framework of the phenomenon of "rationality" which feeds this diagnosis and will thus facilitate examining the final framework of marginalist methodology. This is because the cumulative advance of knowledge, even under the guidance of a certain paradigm, is inherently capable of shaking the foundations of past accumulations. The historical knowledge produced and the principles of good and bad behavior that flow from it are on slippery ground. In this context, the understanding of the rationality of the established economy - and of positivism, which seeks to shape the amorphous structure, tends to model the politics of internalization of externalities and lack of knowledge. With the importation of concepts from different disciplines, their fundamental basis is denied of epistemological expansion, it is embodied in practice in the form of the theorization of what is happening. The object of discussion, artificially saved, necessitates by its nature the analysis of institutional relations as well as participation in the field of other disciplines. The analysis of the relationship between epistemological and ontological becomes once again important. Simon's criticism of Gary Becker also feeds on his awareness of this relationship. Simon (1978, p. 2) quotes Becker's work "Irrational Behavior and Economic Theory (1962)" in humorous language.

Becker's "principles of marginalism", which is an analytical tool, constantly widens the field of study, thus preventing even the nature of the object of work (Fine & Milonakis, 2014, p.74), earns money by providing it with cost analysis1. Therefore, it fuels the neoclassical tautology that will pave the way for the perception of social relations as a specific element of the market. Because with the cost-benefit analysis the dynamic-environmental reality is made undated and non-socialized, at this level the institutional factors become objectified.

2 Simon (1986) has two examples from Becker's book "A Treatise on the Family" - children's opportunities and women's participation in the labor market criticizing the weakness of the auxiliary assumptions and whether social factors should be included arbitrarily in the demand curve, emphasizes that under conditions of complexity uncertainty, "finite rationality is more efficient than the utility function. In Simon's own words (1978, p. 2)

Simon's other two diagnoses should be considered under a separate title in terms of providing the opportunity to examine the institutionalist approach (ii.) And behavioral economics (iii.) At the same level. This plan has a historical character because it feeds on the conflict of deterministic free will, on the other hand, it perpetuates its relevance in the context of the understanding of the daily practices of modern life.

2 SCOPE OF THE CORPORATE PERSPECTIVE

Preventive measures against corruption are illustrations of the need for a culture of accountability in society. This term by its definition refers to the need to control the use and allocation of public funds through audit and internal control. Accountability ensues. This culture complements and goes hand in hand with the culture of transparency since leaders have an obligation to communicate to the public through accessible media using public funds. This accountability framework encompasses regulations, policies, processes and procedures to
ensure the execution of a pre-defined strategic plan. This implies a coordination of the programs of all competent authorities of public bodies achieved through the use of artificial intelligence tools. These tools are needed for tracing illicit transactions. Technology is absolutely instrumental in being able to help citizens have access to information they need. If information about tax process is putting on the web in machine readable formats and downloadable formats, data visualization and in comprehend and understand formats, it is helping for taking decisions that they want to make and those types of thinking that we were talking fiscal transparency is helping citizens. The use of technology concerns use of digital forensics too.

When the foundations of Simon's limited understanding of rationality are read in an institutional setting, it will be easier to grasp the cognitive capacity and mechanism of action of the social environment. This coordinated progress will also make understandable the phenomenon of manipulation expressed from political economy to neo-marketing, within the framework of a social understanding of the concept of rational behavior. Even if the transfer between the act of production and the new culture of consumption, in the context of my participation in working life, involves elements of manipulation to the extent that one of the parties can be qualified as passive. It cannot be regarded as independent of the periodic repetitions of behavior determined under the influence of habits, motives, traditions and rituals. The coexistence of psychological and cultural factors appears to be a precondition for the assessment of individual preferences (Hodgson, 2015, p. 108). Mark Granovetter (1985, p. 485), “Economic Action and Social Structure: The Problem of Embeddedness It emphasizes the integrity of the over-socialized and under-socialized program. The equivalent of this distinction in the discipline of economics, it takes on meaning in the relationship between the methodological individualism (optimization) of established economics and the methodological collectivism of behavioral economics (state of bounded rationality in which the institutional functioning is ignored). Indeed, the over-socialized state made up of individuals subject to a certain superstructure, such as the understanding of homoconomicus (sub-socialized) made up of atomized individuals, Loewenstein (2000, p. 21). The alternative activity emphasizes determining factors such as behavior of other subjects and time lag. Unlike the dialectical categorization of opposing emotions, it states that affect can undergo categorical transformation within a certain time and chain of meanings, regardless of its intensity.

The individual must implicitly have a resolution to the various problems within the institutional structure to which he belongs. It is an ontological imperative rather than an instrumental method of research. Despite the linguistic narrowing, the broad semantic equivalent of the concept of “finite rationality” in the context of rationality and irrationality goes beyond the polarization of deterministic modeling in methodological terms. Ozcelik (2007, p. It provides a global definition of the integration of distinction, according to Hodgson (1997, p. 665), repetitive behaviors, therefore culturally sanctioned models take root and evolve into habits. This evolutionary-dynamic process points to a set of works independent of the time constraints necessary for economic theory to establish hypotheses compatible with a new problematic. Hodgson (1997, pp 23) analyzes its institutional and psychological framework through the situation of the combination of action and decision, through:

1) Optimization: The situation in which the set of preferences is known and the procedural approach is valid to find the optimum. He is unable to explain the institutional transmission mechanism linked to habits and the causality inherent in behavior.
2) Scalability: The situation where the search for information requires a significant amount of time and resources compared to the understandable and accessible state of the information. The fact that budget constraint suppresses preferences and habits can be observed frequently in daily practice. The cost of carrying out the option deemed “optimal” may endanger the expected benefit of the option. This situation is a paradox arising from the intrinsic dynamics of the notion of rationality based on preferences.
3) Complexity: unlike the concept of exhaustiveness, the situation of “bounded rationality” in which the cognitive accounting capacities of individuals are restricted in the space in which the choice will take place. It can be concluded with a dominant terminology: If the cognitive capacities of individuals are defined as "scarce resources", how to make the optimal choice in the paradox of optimal preference under budget constraint
4) Uncertainty: the situation resulting from the inability to obtain critical information and possibilities, in contrast to the elements of completeness and complexity. Future inferences can be made through “predictable behavior” based on past knowledge and experience.
5) Cognition: The situation in which the information acquired through sensory data is processed in the mental process. The cognitive framework gains in volume with individual practices. Cognition is integrated with specific cultural patterns in the context of comprehension and comprehension. The institutional structure re-emerges, which includes the cognitive process.
6) Learning: As a situation integrated into the concept of cognition, it can be external or internal with the revision of existing information. The increasing quality of learning makes the learning arrangement itself practical.
7) Communication: it reflects not only the language but also the cultural model with body language, gestures and facial expressions. Considering the need for regular communication, it can be argued that the mechanism for
making sense of the world outside the individual is an important step.

The institutional analysis of the concept of constrained rationality is complementary to understand the mismatch between the instrumental rationality of markets and the procedural rationality of individuals as a social entity. This perspective is based on the adaptation of individuals to the relations of production and consumption existing under postmodern conditions. In this framework, the determinant of rationality emerges as a cyclical adaptation-acceptance mechanism rather than as a preference-dependent coherence system in the vector plane. It represents the existence of a simulative economic individual parallel to the transformation on the cultural-institutional level.

Individual decision-making mechanisms are not functions of rationality. Because when the signs are excluded, man is inherent in society. To speak of the existence of a simple manipulation at a determining level, when this means a prior acceptance of free will, is in contradiction with the automation required by the oversocialized state. Of course, this situation can be interpreted as a reflection of the metaphor of balance, which is the legacy of the positivist tradition which ossifies in the discipline of economics. The inference feeds the following problem; How to achieve manipulative elements, if the power that individuals build on their sensory / cognitive will does not create deficiencies in the points of understanding and adaptation to the society outside them? Rationality, shaped by marginalism, realizes its own conditions, as well as a strong analogy (Hill & Myatt, 2013, p. 55) in terms of archiving the understanding of metaphorical balance and highlighting relationships social. Generally, the emphasis on "irrationality" with the means of this reality risks being unfounded, which is also one of the answers why the debate on rationality within the discipline of economics does not.

In the context of social rationality, producing ideology, it can be argued that absolute and determining individual rationality with all externalities and deviations - is a gradual-temporal process situated by consequence. Because rationality carries its own causality through the mechanism of human perception of nature and produces a harmony that is characterized by continued positivity ontologically. Like Ratio's mode of production, imbalance also produces economic equilibrium. In other words, the elements that shape the phenomenon as an imbalance are tamed. Therefore, it can be argued that rational behavior, which unfolds as a state of being between the individual and the social, is formed in a spiral structure. A century ago, the holistic view observed in one of Gestalt's perceptual experiments, initiated by the Hanover Institute, supports the study's arguments, both in its denial of deductiveness and its separation from behaviorism stuck in the local effect-response mechanism; The emphasis on irrationality is; In terms of carrying a substance of free will, this takes on the appearance of a simple antithesis. The effort to overcome rationality from the perspective of the institutionalist approach. The resources that will restore the concept of freedom, which is reduced to media baskets within the confines of the positive economy, and its philosophical infrastructure, are inherently vital goals that shape the - interdisciplinary - methodology of institutional economics.

Rationality-irrationality etc. imposed by the established paradigm. The breaking of dialectical loops is not possible by the direct denial of the phenomena of "utility" or "maximization", but by the critique of "desire" identified with this concept. As Hodgson (2012, p. 96-97) (2015, p. 96-97) points out, it is extremely important to consider the difference between the phenomena of income maximization and utility maximization, which are the legacy of the established economy. Because the empirical analysis of notions such as transmittance and coherence can be justified or falsified by neurological certainty; but the methodological structure of the analysis which tests the phenomenon of akt and maximization between subject and meta; temporal sensitivity of preferences, subjects' perceptions of the object of choice and the effect of awareness of being part of the experience on preferences, etc. Situations in which profit maximization cannot be observed will not refute the utility maximization phenomenon, and the isolated relationship between the two elements expands the established paradigm. Adding a social quality to the concept of "benefit" identified with marginalism will shape the individualistic substance of the concept of "gain" on this axis. In this regard, the object of discussion of heterodox studies may be economic education based on economic rhetoric and not the concept of rationality. Moreover, the disappearance of the conflict between theory and reality in the shadow of economic rhetoric triggers ethical debates (McCloskey, 1983, pp.490-495). Therefore, studies of basic economic concepts that lose their semantic substance will inherently trigger an epistemological break; in this context, a global definition of the phenomenon of "rationality" would be complementary; individuals, both at the time of consumption - in front of a commercial department - and within production organizations - behind a production line. Whether in the short term - fluid modernity - or in the long term - the traditional Fordist structure - they are integrated into the decisions of other individuals, in line with the cultural notions of which they are a part with other individuals, and they act rationally to a level such that they can weigh their actions in the subjective context of the social scale outside them.

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