

Summary

Habilitation thesis

The Global Economy as Social Cooperation Based on the Extended Division of Labor: Systems, Entrepreneurship, Trade and Policies

Candidate:

Assoc. prof. PhD Mihai Vladimir TOPAN

In the present habilitation thesis I set out to accomplish the following: after a brief introduction, I presented the general framework under which all my research efforts can be included; then – and this is the more extended part – I entered into the nuts and bolts of the ten contributions which I submitted for the habilitation process; lastly, I elaborated on the general philosophy of research and PhD coordination that I plan to implement in the future, together with some more specific and practical considerations concerning my academic and PhD advising/coordinates activity. Let me briefly summarize them in order.

In the **introductory section**, I outlined a few general aspects of my academic endeavors (as a whole) which are relevant both for the subsequent understanding of the ten required contributions and the future profile of my PhD coordination activity. Thus, it is important to bear in mind that since the time of doctoral school I have been interested in *entrepreneurship* as a fundamental economic reality, without which the economy cannot be made sense of. Almost all my other analyses presuppose – implicitly or explicitly – that aspect. Then, I always have in mind the fact that economics is a peculiar science with its own epistemological exigencies. *Epistemological discernment* is something that I always strive to reach, or at least not lose entirely from sight. Good quality economic research necessitates epistemological consciousness and discernment. Third, economic aspects cannot be divorced from “extra-economic” or “beyond the economic” type of considerations. I have always been interested the way in which *moral, ethical, or even religious or theological* aspects bear upon economic analysis (and how these can be combined). Forth, I made it clear from the very beginning that my

perspective owes a great deal to *the Austrian School of economics*. Far from seeing this as a bug, or a bias, I consider it a feature. No good research comes ungrounded in perspective. I am deeply suspicious of those “with no perspective”, and who “owe nothing” – academically and scientifically speaking – to anybody. Or of the “ecumenists” for whom “anything goes”, any perspective being as good as any other. Thus, the grounding of my research in the principles and methods of the Austrian School give them, in my opinion, more depth and make them richer and much more in touch with reality – even when strictly theoretical – than the usual mainstream economic research, which boasts “empiricism”.

In the **first section** of the thesis I elaborated on the conceptual background against which my research and teaching – the ten contributions included - can better be understood. This was all the more necessary, as the nature of our academic job implies somewhat diverse efforts in various thematical areas. This background of concepts can be approached from above or below. If we start from above, we – in our department and faculty – see the economy as a *global economy* from the very beginning. Thus, all my contributions are set against this global background, one way or another. On the other hand, if we approach it from below, we can see the global economy as an intricate system of *extended social division of labor*. And this goes all the way up, from the city and local level, up to the national, regional and global level. As I have mentioned before, observations such as “the relevant opportunity costs are the global costs (or world prices)” embody this importance of the global economy and its structure.

To make more clear the structure of *the global economy as a system of extended social division of labor*, and to shed a proper light on its complexity, I discussed in turn a number of its components or aspects. I will only mention them here as a brief reminder, as they have been tackled in the proper section.

Thus, the global economy as we see it today, presents itself as one with trade and intermediaries, as the “short” supply chain is seldom the more efficient one. Complexity and long production processes and supply chains imply a greater importance of – and awareness of – time. Time is of the essence in the modern economy, and not only in virtue of intuitive quips such as the famous “time is money”, but also in view of the fact that modern production is seldom directed at immediate needs and aim at satisfying more or less remote future needs, sometimes years apart from the moment of planning and/or production. Even clearer is the time element when connected to the development of the financial sector. Having said this, we reached another aspect of the modern economy which is to a certain extent unavoidable, namely *financialization*. One cannot integrate in a unitary way the heterogeneous ingredients of modern economic life but by way of a financial approach. Now, moving

forward in the list in no particular order, financialization is impossible in a non-monetary economy. Hence, the aspect of the use of money and of monetary instruments. The extended division of labor would not even be possible in their absence. A generally accepted medium of exchange occasions the emergence on money prices for all goods and services – consumption goods or factors of production – produced in the economy, providing the common denominator by means of which alternative investment projects or production or business plans can be compared, and the better alternative selected. This leads us naturally to the observation that monetary calculation is precisely indispensable (in the modern economy) because it is not so much consumption goods that are difficult to square with (in the sense of what to do with them), but capital goods, or factors of production. Because they do not directly, but only indirectly – sometimes quite remotely – satisfy needs and in necessary cooperation with other factors of production, they cannot be made sense of but by the compass of economic calculation (of profits and losses) in monetary terms.

All the above do not mean that the economic context is one of certainty – quite the contrary. The more complex the framework, the greater the *uncertainty* of any project and action. Hence, the – again – unavoidable need or requirement for entrepreneurship. Modern economic phenomena are necessarily *entrepreneurial* phenomena. Likewise, complexity coming with various degrees of agglomeration, another aspect of the modern economy is its urbanization – without necessarily fixing the perspective here as to the type of urbanization. But the modern economy is not – or not mainly – an agrarian, rural economy.

Last but not least – a point *ad nauseam* buttressed in this thesis – all the above, the complexity, uncertainty and all does not in any way mean that the whole process is chaotic, irremediably erratic and catastrophic. Quite the contrary, again. If anything – and this is the beauty of the economic perspective – it is surprisingly ordered, or “cosmic” is one may say so. It is precisely into the business of shedding light on the laws and tendencies that establish, reestablish and maintain on the longer term such a social order that I feel I have specialized myself as I became an economist, especially one analyzing international economic relations – those seemingly more prone to chaotic evolutions.

In the **most comprehensive section** the present habilitation thesis I presented the ten most important research contributions I have produced over the years of academic activity (see table on pages 38-39). It is not necessary at this point to restate what was extensively presented and commented in the main corpus of this thesis, but only to emphasize the fact that although the articles seem scattered over diverse themes and areas of research (economic systems and policies, entrepreneurship and the theory of the firm, financialization, business ethics, monetary policy, transaction cost economics etc.) there is a significant degree of unity in them, in the sense that all point to ingredients in what I have

called above the complexity of the global economy seen as extended social division of labor. Again, this should be clear by now, so no more will be said on that account. Nevertheless, I should also reiterate that this “diversity” is also nudged by the exigencies of the research aspects of academic careers in Romanian social sciences, in the almost frantic search to synchronize somehow with the western analogue environment. Thus, the luxury of pursuing a tighter research strategy and teaching and writing, more focused and narrowly specialized is (or has been so far) too risky and option. One has to take the (publishing) opportunities that come one’s way.

In **the final section**, I added a few words on the general philosophy of my future academic career, inclusive of PhD coordination of course, followed by some more specific strategies for researching, reading and writing. I commented on the main difficulty – at least as I understand it at this point – of the future PhD coordination activity: the scarcity of genuine research human capital, or, in plain words, good – motivated and interested – candidates. I presented a few ways to square with this challenge, from the type of seminars, to the strategies for reading and writing – and even personal development – that I will most probably have to employ. All of these, also connected to the strategy of producing the material to finally constitute the PhD theses proper, and their prerequisites (in terms of publications). I also specified a few topics or even titles of a few materials in various stages of completion I intend to (continue to) work on, ranging from journal articles, to textbooks and popular writings for the general audience. At this point I can only hope that with God’s help I will realize/accomplish as greater a chunk of everything mentioned as possible, and end here.