CAUSALITY RELATIONS IN ECONOMIC PROCESSES: METHODOLOGY INTERPRETATION

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Abstract

In article value, a place and a role of a principle of causality, and also its specific features in the course of studying of economic life is analyzed. Methodology platform has eclectic nature. In the process research used methods were selected with reference to mentioned aspect.
Simultaneously in article display of relationships of cause and effect in economic process reveals specific forms, asymmetry economic causality, is defined borders of consistency and the form of "accident" of a random factor within the limits of the concrete phenomenon and impossibility economic fatalizm etc.

Key words: causality, methodology, asymmetry, existence, determinism.

JEL Classification Codes: B41

Introduction

Uncertainty components of economic reality are continuously increasing day by day, at the same time number of interpretations given to sustainability problem of economic development brings about the extension of identity crisis. The phenomenon can be explained by existence of asymmetric or inconsistent consequences, functional and structural correlation between economic events and processes. That's why during evaluation of particular economic situation from reality point of view (there is no alternative way yet) replacement of so called "situation analysis" by "situation determinism" is impossible. Mentioned

impossibility first of all limits predictability level of investigated economic processes. Nowadays not depending on his economic school origin the prognosis made by any economist can be easily compared with predictions of policemen on possibility of accidents in foreseeable future. For events and conditions when causality cannot be directly identifies transfer to functionality analysis became widely accepted. From economic existence point of view the problem of dichotomy of nature – existence still exists… That's why in current article we will try to investigate economic projection of causality and their specific characteristics.

Is causality a past coming approach?

The interesting point is that the effort of the causality to be separated from the scientific approach was noticed even during Hume's period (for this reason it was call "the capricious child" of epidemiology). I would like to mention two controversial, but at the same time sufficient for current article points of view. B. Russell wrote: "… causality law is outdated … it's today existence is explained by the fact that sometimes it is wrongly accepted as harmless… the function concept totally distorts the causality concept" [Russell. 1998: 265].

On other hand E. Nagel [Nagel. 2011] and P. Suppers [Suppes. 1972] consider that causality concept is applied not only by economists, social psychologists and historians, moreover interpretation mathematical formalism cannot exists and operate without the causality analysis. As we can conclude from the above mentioned economic tastes are differ in respect of cause analysis.

Nowadays some groups totally ignore the causality relations in economic events, thus avoiding some problematic situations where it should be actually applied. On other hand they understand that it's

impossible to guarantee the long-term duration of development solely relying functional or structural relations and it has been never realized in any historical period in the past.

The causality concept: historical review of philosophy-scientific thought

The causality concept was initially adopted by Greece philosophers and effective from that period integrated into the philosophy-scientific thought, becoming its inherent part. According to the some sources almost 64 and 48 causality concepts were had identified by Platoon and Aristotle respectively… Platoon determined causality concept from mechanism and relevance points of view. Aristotle distinguished four basic causality sources (Metaphysics) [Aristotel. 2007]:

- Material causality: the source of the fact!
- Creating causality: whose activity brought about realization of economic event!
- Formal causality: why this particular item is presented in way it is?
- Final causality: why, for what reason and for what purposes particular item does exist?

In general, till XVII century searches for causality were made basically based on discoveries made by Aristotle. Effective from XVII searches for causality changed their direction. Thus the question of Aristotle "why event does take place?" was replaced by question "how the event take place?" addressed by Galileo (1564-1642). In other words, the core of investigations was transferred from quality features to quantitative one. Search for causality was replaced by identification of

mathematical correlation between physical quantities. In other words, the dilemma between nature and existence was resolved in favor of the last.

At the same time the treatment of Aristotle's periodical thoughts was not quite adequate. For example, German idealism was based on formal causality; "physiology" was oriented to material causality. Scholastic causality was divided into the grades (first, second); intermediary causality, instrumental causality and accompanying causality are included into the periods. In Middle Ages economic philosophy postponed material and formal causality and paid attention to generating and final causality. New philosophy treated causality relations in the following way:

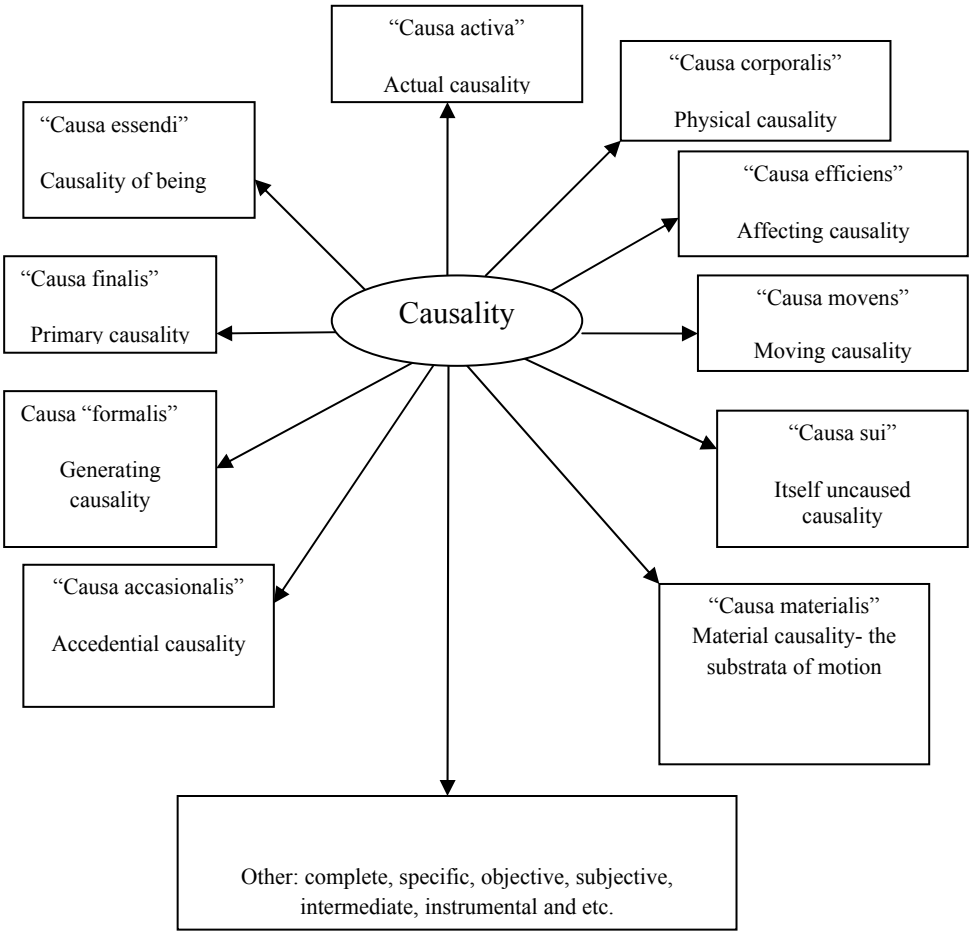
1. Final causality should be isolated from its nature (F. Bacon). As per Bacon, final causality is as infertile as girls dedicated their lives to God [Decart.1989].
2. Investigation of causality concept (Hume, Kant) [Becon. 1971-1972].
3. Limitation of area, which can be affected by the generating causality as much as it's possible (R. Decart) [Phylosopphy,1997: 368].

As per Hume causality is a predefined sequence of sense inherent to the human beings, as per Kant causality is generated by self-assured personality. Objective based idealism treats the causality as spirit, idea and not

The newest philosophy omits basically two "causality related" questions:

1. As necessary methodology approach segregation of generating causality apart from the rest three ones is accepted as personal approach

of the scientist, thus such approach brings about extensive scholastic deviations in the results of the investigations.



Picture 1. Variety of approaches to concept of causality.

2. It's still impossible to identify the relation between real causality and its logical consequence.

The history of causality philosophy can be defined as unlimited due the existence of differentiated approaches and treatments.

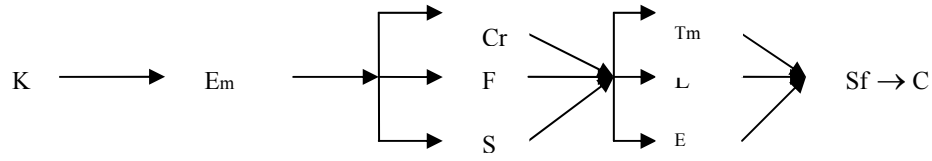
Such diversity is explained by the fact that causality relations are multisided and not straight forward as it can seem (see picture 1). Thus, causality relations are the realm which cannot be defined only by Laplace's determinism theory, but also have a creative structure reflecting the nature of "free management of electrons".

Appearance of cause-result relations in economic process

In contrast to already existing and wide spread concept, we believe that cause-result relations cannot be explained only on empiric tools. From this point of view following matters should be drawn to your attention:

1. Transfer of empiric information into the scientific fact is implemented within the certain theoretical framework. Thus we always should take into the account that (1) the process has solely subjective character, (2) the transfer from information to the fact is again affected by subjective factors, (3) evaluation of the reality and appropriateness of obtained fact is based on interpretation.

In economic investigations the process of transfer of empiric information to the reliable fact is implemented in accordance with scheme below:



Here:

Em – empiric information

Cr – cause-result relations;

F – functional relations;

S – structural relations;

Tm – theoretical and methodological assessment

L – logical conclusion

E – empiric conclusion

Sf – scientific fact

C – new concept formed as a result of scientific fact

2. The appearance of cause-result relations (within the economic situation) takes place in three areas, which are strongly correlate or existing within each other:

- Factual and empirical; in other words, it is "visible" area, which is expressed by definite figures and presented as precise commencement and finalization of economic process;
- Conceptual: the practicable application of theoretical structure which was intentionally formed for cause-result purposes;
- Logical: comparison of results obtained from practical application of concept and its logical structure.

We would like to note that this classification is conditional and it can be more useful in identification of the nature of "situational determinism". Presentation of cause-result relations in form of three areas mentioned above does not mean that there is difference between fact and theory and the complex, hierarchic structure of economic process eliminates the importance of casualty factor. In contrast, from economic

point of view there is no "fact" without theoretical background. Transfer of empiric information to scientific fact is possible only in case when the first passed through theoretical filter. On other hand, economic fact has always theoretical burden. Empiric information which has not any theoretical burden or was not interpreted within any theoretical structure cannot be applied in further investigations.

Casualty: dilemma between subjectivity and objectivity

If we look at the nature and structure of global economic system we will see that subjectivity factor plays important role in economic investigations. In general the dilemma between subjectivity and objectiv s matter is of current interest in economic science. This matter is so important that it is impossible to neglect or ignore it at all. I consider that the presentation of the mentioned dilemma in two separate aspects (not as entire object) and drawing your attention to their effect on economic determinism is the most appropriate approach, because assessment of this dilemma as single item is not practicable. In other sciences, like nature-study, the treatment of the problem is different from point of both from specifics and logical structure. The differences and their reasons have been already discussed and investigated. Therefore, I will focus on aspects of the dilemma in economic processes and investigations. Thus following two points are coming to attention:

1) the subjectivity problem of causality;

2) role of subjectivity in reality – false, reality – misleading relations.

We also would like to notice that subjectivity within the economic processes is presented as one of the varieties of epistemological relations. At the same time from logical point of view these varieties are subdivided into the independent "parts". Without a doubt any idea generated in respect of economic process is based on nature of the economic thought. Therefore the reason and routs of subjectivity are investigated in theory. Only in cases when the appropriateness and validity of some particular theory was tested for subjectivity, it can be used for approval of economic fact.

One more point which makes the problem more complex is inability to show in precise form feedback relations between economic processes. Thus factual level (within economic investigations) logically can act as independent level. In other words, the best case is that we will face the problem of contradiction of functional explanation with nomothetic one.

K. Hempel in his book named "The Logic of functional analysis" said that mentioned reduction is reality [Hempel. 1959: 301].

The economics related investigations of Hempel are not "black and white" as it can seem from the first sight:

1) the way from factual level to the theory. The interpretation of economic fact is implemented by the means of existing theoretical construction. Not otherwise.

2) The factual conclusion is interpreted by different theories in different ways;

3) The identification of which of the existing variety is the closest to reality is very complicated issue.

4) Non identification of objectivity rules does not mean that the objective reasons of economic development do not exist. At the same time objectivity rules reflect stable and repeating relations of subjective factors.

This point is realized in economic cycles as well. In determination of the economic cycle sequence the major role can be implemented under the subjectivity forces.

As we can see the explanation of functional – nomothetic terminology by true-false ones is impossible. In this case in order to prove the feasibility of terminology mentioned above we have to isolate ourselves from the problem of objectivity/subjectivity and deal only with problem how to "assign" the reality features to implemented investigations.

In reality the segregation of subjectivity and objectivity brings about dead-end situations.

Here the main point is not only identification of objectivity or subjectivity of factors which affect the economic processes, but also identification the extent of their impact area and efficiency. The fluctuations and multi-side effects of impact areas result in basic problems. Similar to the fact that there is no effect of "passive" investigations, identification of current and future exchange rates is impossible by the means of several "reasons" (the others will be treated as assisting factors creating causality relations), or it is possible but results will contain the effect of so called "semi thought" and "semi reality". Only from the point of identification of reality we came to conclusion that nomothetic interpretation of economic determinism is only misleading and the right way is application of pluralistic synthesis.

Full causality concept in the economic process

From economic point of view the completeness of causality is not important. Any change in the economic situation or economic chain created based on market principles brings about the changes on the whole chain. Surely depending on the extent and duration of such processes, we can observe certain changes in the whole process. The economic process will never take place in silent mode. It is always in the progress. Even in case of stagnation that process never stops. Stagnation is stage when the speed of process development is significantly slowed down; it is a switch to regression stage. The progress mentioned above should not be accepted as the acceleration of the progress. The point here is whether changes in the economic process bring about the conceptual or structural changes in the economic process. Taking into the consideration that structural changes in their turn result in the conceptual changes, we will see that the final result of the causality is created firstly by the majority of other reasons. Not depending on existing variety of economic thoughts, in economy objectivity reasons did not have spontaneous character. In other words, the process itself does not create, but it is created. At the first push the causality relations are put into the operation or their direction is changed. However in most of economic investigations this point brought about the misleading:

1) The primary causality is forget or totally ignored during the investigations;

2) The result generated by the primary causality in any part of the economic process is accepted as final/basic causality. However, the final/basic causality or other concept accepted as the result of the

investigation is actually one of the consequent elements created by the primary causality and other existing secondary causalities.

3) The causality correlation created by the primary reason can be easily broken (and this is not exceptional case). In this situation primary causality is not accepted as a basic reason, in contrast visible and measurable elements are assessed as a reason. In other words, one misleading brings about the other one. At the same time new causalities are created by the reference to not completed final causality.

The other problem related to the completeness of the causality is its realization. If causality is not complete its realization is impossible. As we have already mentioned above, there is no correlation between realization and the completeness of causality [Gobbs. Vol. 2.1964: 150-151]. It is explained firstly by the fact that the completeness of the causality from economic process point of view has not precise content: it is impossible to consider "complete", "incomplete" or "partial" causality; secondly, the realization of external or internal elements of the economic situation depends on quality factor of the regulation. Freely fluctuating market can realize everything. Does it mean that the causality is totally complete? Of course, no! From this point of view we should pay attention to the reasons of such realization, not to its completeness problems. Thus addictiveness to extraordinary liberalization of the market can act and actually acts as causality creating all conditions from such floating.

Fatalism within the economics: accidental and necessary causality

The economic meaning of accidental/necessary causality is far from its real concept. Fatalism and unavoidability has ideal characteristics within the economic process. The economic process is a systematic creature which has variety of possible outcomes. In reality,

necessity has not the requirement to be "absolute" in any science, besides mathematics. For example the natural science measures the necessity requirement to fluctuate within the range of 0 and 1. The possibility of event occurrence close to 1 is an indicator of its high reality and probability. Situation in Math is totally different. The necessity here as assumed to be as 100% real. The axioms like existence of A will definitely bring about the occurrence of event B, or causal C event will definitely prevent the occurrence of B event, or replacement of sum elements within a sum will not affect the total, or "parallel lines will never intercept" are widely used by the mathematics science, however they are not applicable for economics.

At the same time mathematical axioms inherent only for the economics science are at the same level with points mentioned above. For example, it is like relation between exiting and material labor, salary/wages and labor efficiency. Casual relations are different from the normal correlation. In general, is it possible to prove the impossibility of accidence in the causality within the economic process? It is clear that economic relations cannot be generated by accidence or situation based on casual conditions: situations are created by the system of economic relations.

Economic notion is a complex of social, natural, biological and political realms. It has a mentality, therefore it is not managed in random way by the means of the primary instincts (by ordinary people)…

The economics has the "expectation" effect and such expectations in most of cases bring about formation of the so called "flock psychology". In case of crisis, stagnation or speculative finance attacks the "flock psychology" brings about unpredictable cases. In this case

normal expectations turn into the economic panics. Of course in terms of some limitations we can accept the fact that mentioned was generated by the accidental factors. However, considering the relation between accidence and unexpectedness we see that our conclusion is only relatively fair. Of course, the process which is initially based on accidental factors bears uncertainties, notwithstanding the fact whether there are positive or negative outcomes in it. At the same time the existence of such cases indicates the presence of some pathology within the economic notion. If the purpose of any part within the economic process is not clear enough and there is no precise goal behind it or tools for achievement of such goals are not determined, then the occurrences of unexpected events is unavoidable.

In general, there are following four types of accidental events within the economics:

1. Pure accidence – this is so called "force majeure" cases. Occurrence of accidence while transportation of goods by the ship or the train cannot be explained by the economic factors or events.

2. Operational accidence – the possibility of occurrences of some particular event depends on plenty of factors. For example, market situation when oligopoly competition exists.

3. Derivative accidence – the event incurred as a result of interception of totally independent cases.

4. Accidence occurred as a result of dynamic chaos – in this case it is impossible to determine the trend of correlation between existing events during the long-term period.

As we can see, accidental causality can be included into the list of possible items. However, creation of accidental causality by accidence is

impossible. At the same time the real reason of any accidentally created economic event can be explained if investigations are transferred to move wide level. Thus such accidental causalities have real logical routes. From this point of view, the only solution is replacement of accidence and necessity notions by "possibility" concept.

I would like to note one more point: there is not precise occurrence requirement within the economic notion. It may not occur… However it should be… Every social group creates its inherent economic notion. We would like to denote the wording "creates". Economic notion cannot be created in spontaneous way. At the same time creature process is not one time act. Economic notion is always on the progress. There is not any government or nation which has already completed the process of creation of economic notion. Economic notion is a process of accelerated change of the concept. From this point of view creature process is endless. Therefore investigation of not completed process is possible and reasonable by the mean of probability. Probability is unit of measure for causality-result relations.

In conclusion, if necessity, unavoidability and generally fatalism were the inherent part of economics, we would never witness any crisis at all.

Manageable causality concept

In economic process especially on the macro level the manageable causality concept is not exceptional case. Any modification the concept of the macro-economic elements or transfer of correlation between the elements can be implemented only by the means of intentional interference. In other words, it acts not like a result of internal logic, but as totally external item. Thus, we can create the manageable causality if

it is required. Does it mean that if causality created by as sufficient condition did not exist investigated situation would develop in different way? Does it mean that absence of created causality would guarantee of non occurrence of expected event? The way to evaluate the development opportunities of the economic system is on determination of the reality of questions set above. Why we believe that conclusions obtained during observation of events on macro-economic level now are valid for the next period as well?

We think that two factors mentioned below support this opinion:

1) The replacement of observations made in prior period: one micro-economic situations turns into another and as a result totally different situation appears;

2) Changes incurred within the macro-economic situation after application of manageable causality.

From conclusions above we can form axiomatic thesis, which can be widely used for macro-economic corrections. However, do these theses bring about exceptional simplicity? How can we determine whether existence of manageable causality affect the economic situation? At the same time, is it true to apply findings made in previous observations to current situation and believe that the processes will again repeat?

Macro-economic situation is a logical sequence of causalities occurred since prior period till nowadays. The relation of this situation with inception of the system allows us to conclude that it is a result of the consequent changes of sufficient causalities. Possibility is not unavoidable, therefore it should be evaluated. On other hand, current situation cannot be accepted as sufficient cause of mentioned above inception. In other words, vise versa relations can be explained by the

same possibility. The complexity of understandability problem takes place particularly at this point: sufficient cause identified in previous period is able to describe the situation in systematic way. As we mentioned above the entrance of manageable causality into the system brings about breakage of existing sequence and as a result totally new situation is generated. As we can see normal functionality of the macro-economic depends on elimination at wide extend "stranger" effect of applied manageable causality. For example, if macro-economic stability in the country is based on currency exchange model, in case of crisis the efforts to neutralize the factors threatening the stability by the interest rates can be treated as maintenance of "stranger" effect. The history shows that during the crisis the attempts to change the basic principles of macro-economic situation do not lead to the stability, in contrast it brings about new unstable situation.

The relation between possibility/necessity of external interference and the closed nature of macro-economic system can be interpreted in different way, but it cannot be totally neglected or ignored. I would like to note that consider the closed nature of the economic system in figurative meaning. At the same time so called "closed" concept is derived from neoclassic school. It's obvious that neoclassic approach considers the mandatory closeness of the system. During investigation process internal and external factors are arranged in such artificial way that the same causality gives the same result and vice versa. In other words, closeness here is considered only for investigation purposes. Even Louson [Louson. 1997:.219] stated that mandatory closeness of the system is unavoidable within the theory. If internal closeness is created on systematic level, inherent integrity is considered as whole. In

other words, the antonym for the closeness is not “open”; it is rather incompleteness or diversification. The opening of the system is not denied, however its impossibility borders are identified. Thus the system can open or be opened to the external environment. If it is internally opened, it cannot exist as stand-alone system.

Therefore, relation between manageable causalities and internal closeness of the system or transfer of external interference into the close one has solely subjective concept. It cannot be explained by either necessity or sufficiency. It is impossible until situation turn into the desired one. As a result we came to the following conclusions: first, if there is no result, it is impossible to conclude on nature, necessity or avoid ability of causality; second, new situations created by the manageable causalities put aside its objectivity characteristics. However the process should be generated from objective inception. It is not the natural outcome of the process; it does not create, in contrast it is created. Third, taking into consideration that the speed of macro-economic system’s change is quite high, the economics on macro level is established based on the concept of “subjective causality – objective result”. The interesting point is that when we leave the causality-result relations aside, all contradictions are eliminated and we can witness more precise structure.

The time problem of causality

Economic investigations on identification of causality of the some particular process are usually directed from present to the past. Such approach is widely spread and accepted in economic science. It is not considered as exception or even hypothesis. It is misleading. The main misleading point is that the specifics of economic time are not

considered and it is accepted as non-stop continuing process flow. The economic concept of "present" and "past" should be specifically considered. The investigation process should take into the account the cycle, continues and discrete nature of the economic time. Investigations which relay only on continues nature of the process fail to identify the real causality. At the same time consistency of causality identified "by a chance" and the real flow of the process can interpret the results only for the very short period of time, therefore it leads to identification of wrong mechanisms. For example the Fillips curve.

At the same time such a misleading concept as "current era" nowadays is one of the most widely applied ones. The processes identified in the close past cannot be simply applied to the current situation. If we accept the previous "now" as current and apply to the current situation, we consider that conditions of the previous "now" are still applicable. That's why the concept of "now" is interpreted in different ways for different direction of the activity [Mises. 2005: 97].

On economic level the process of causality – condition – result can select different path throughout the process flow, which depends on dynamics of the conditional changes.

Economic time has a feature of division into the short, medium and long-term intervals.

For example, effective from XVI century the era of modernism is still on-going. At the same time this process is not of global feature. Thus in developed countries the era has been already completed and the period of post-modernism was already started. However some countries (countries on the South of Sahara desert) modernism era has been not started yet. Here economic time covers the period necessary from the

modernism. At least, in the third part of the world (Azerbaijan is included in this part) the process of modernism is intensively developing. As we can see the economic time is not simultaneous. The world is experiencing the different economic periods.

The differentiation of the economic time is measured not by physical units; it can be explained by variety of concepts. Postmodern period means that material capacity of production should be shifted to the minimum level. In developed countries the service sector of the economy accounts for 2/3 of GDP. The differentiation mentioned above refers not only to structure of social production, but also to other areas affected by it. Thus the existence and development conditions of society within some particular period of time are formed under the pressure of causality relations and system of interrelated values. From this point of view the concepts of "present" and "past" should be treated based on their real effect on economic situation. For example, the prior year should not be treated as a "past", we should refer to this period as one of the current time lags. At the same time the concept of "past" refers to the period of modernism.

The asymmetry in economic causality

The asymmetry between causality and result is not related only to the time issue, it is also related to the time issue. From economic point of view the occurrence of cause and respective result at the same period of time is impossible, at least because simultaneity is symmetric. In economics symmetry is possible only in case of pure idealism, which is very far from realism and actual causality. Acceptance of such symmetry would be equal to acceptance of full neoclassic approach. From this point of view the reality of asymmetry is doubtless acceptable. The asymmetry of causality and result can be investigated from different points:

1) The appearance of the result eliminates the existence causality is very exceptional: in most of cases causality remains on its place.

2) There can be some time lag between disappearance of causality and appearance of result. In other words, the effect of causality created in the past or near past is not immediately experienced; the effect is realized on the next stages.

3) The speed of relation transfer between causality and result is limited by location. The limits is in such extend that even transfer between similar social-economic types brings about time lag between causality and result.a

4) One causality may bring about variety of results; variety of causalities may bring about only one result. In other words $\sum S = N$ and $S = \sum N$.

5) The theoretical structures based on abstract primary conditions and interpretations made solely based on figures bring about bilateral dependence. The mentality concept of social economic system is neglected in this case. At the same time quality updates are estimated by quantative tools. I can provide number of examples for this phenomenon. For example, 10-15 years before the crisis there was definite believe that strong correlation between "extension of financial structure", increase in efficiency of economy and acceleration of economic process really exists [Besk. 2004: 2].

The most interesting point was that the direct correlation between development temps of financial market and real sector has been really proved.

J. Hicks [Hicks. 2003: 188] considered that the flow of innovation did not play the significant role in industry revolution (XVIII – XIX). The basic contribution belongs to financial realm. The positive correlation between development of financial markets and temps of

economic development was reflected in number of economic investigations. This list can be endlessly continued… Unclear point for us is an effort to exalt misleading methodological approach to problem of conditions.

"Causality- result relations are directed from upper levels of economics to depth of finance system" [Svaleryd. 2002. Vol..57].

6) The replacement of causality and result, i.e. placement of causality instead of result and visa versa is not simple mechanical process and can take place only in condition of periodical change. For example, in period of D. Hume and A. Smith the source of economic development was considered capital savings. During the Great depression the validity of this concept casted doubt. C. Clark wrote the following: "… even in 1937 I casted a doubt about the validity of this doctrine … Capital savings are necessary condition for economic progress, however it is not sufficient condition" [Clark. 1984: 59]. Due to this fact the model of capital savings plays the leading role most of growth models (R. Harrod, R. Sollow, R. Lucas endogen growth and technical progress models). Only after transfer of service sector to dominant position in developed countries the post-modernism period started its operation and as a result the treatment has changed at all.

The investigation of changed economic condition revealed that long-lasting reliance on standard production function based on physical capital savings is not valid anymore. The physical capital was replaced by social capital. In economic growth calculation model of E. Denison [Denison.1985: 28] and other similar models (R. Barrow) [Barro. 1991] the basic production function and saving norm is widely used. Institutionists like D. Nort and R. Thomas made further developments

and said that capital savings, savings made from the economy of scales and other factors are not “a source of economic growth, they are its core” [North. 1973: 2].

Conclusion

The beginning of XXI century was accompanied with transfer of the dilemmabetween notion – existence and reality to totally new discussion level. The denial from substantial approach, i.e. the “unity of primary inception”, approval of heterogenic concept of the reality showed that social-economic reality is now far from traditional interpretation. The completion of incubation period of post-modernism brings about the extension of epistemological reality up to socio-cultural scale. In other words, denial of substantial approach formed situation of the totally new quality level.

There is no place within the post-modernism for epistemology and scientific methodology, as well as for principal of causality and category of reality. There is the only reference to axiom and pragmatic criteria. R. Rorty wrote: “… we deny the difference between real and things that seem to us. We hope to replace it by wordings like “more efficient” or “less efficient” ” [Dubrovskiy. 1994].

In reality, the process of post-modernism establishment is based on “following” of existing events. Economic notion cannot follow the events from concept – existence point of view. Transfer of majority of investigations to functional level deals with rationalization of existence problem, however the question “what about conceptual framework?” is still neglected. Existence is not independent concept. In any case we consider the definite concept of existence. From this point of view the

dilemmaof concept – existence should identify the misleading. At least from point of view segregation of concept from existence is meaningless. Therefore denial of causality principal in most of investigations brings about misleading of different scale.

In order to understand the nature and concept economic notion the process of causality – condition – result is irreplaceable. As a result of performed investigations we came to conclusion that if we take into the consideration only economic features of mentioned above process, we will be able to not only identify and assess the reality, but also to eliminate existing methodology misleadings:

1. Formation and understanding the knowledge about the economic notion
2. Identification of logically correlated with each existence conditions of economic notion;
3. Understanding the meaning of the wording used in economic literature;
4. Estimation of applied interpretation and its consistency with reality;
5. Determination of probability degree of set future expectations.

At the same time causality principle is very important from the point of view of identification of reality and its assessment.

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