

Conference Paper

Model of Economic Phenomenon

V. S. Afanasyev¹, R. E. Abdulov², and Y. M. Medvedeva²

¹Moscow University of Humanities, Yunosti street, 5, Moscow, 111395, Russia

²National Research Nuclear University MEPhI (Moscow Engineering Physics Institute), Kashirskoe shosse 31, Moscow, 115409, Russia

Abstract

As is known, economic phenomena represent the most important part of the subject of economic science. However, modern economic theory avoids a clear definition of this category. Thus, it remains unclear what is economic phenomena, and thus the economy is in its essence as such.

1. Introduction

If you look closely to economic phenomena, it is easy to discover that some of them are likely to 'pair', have a kind of inherent dual structure [1].

Consider, for example, such an important economic phenomenon as salary, long- and well-known both in theory and in practice. The fact that salary is dual is visible on the surface of phenomena and set out in certain categories. On the one hand, nominal salary stands out, that is, a certain amount of money that an employee receives, and on the other hand – real salary, that is, a certain amount of goods that the employee may buy for his nominal salary. These are closely related, but significantly different aspects of a salary. For example, at unchanged nominal salary, the real one can both decrease and increase depending on the trend of price changes.

It is equally well-known that the wear and tear of fixed capital is a dual phenomenon as well, which is also expressed in the relevant economic concepts. On the one hand, the wear and tear of fixed capital acts as physical deterioration, and on the other as obsolescence.

Even a cursory glance at the market economy reveals the fact that the market and economic market phenomena are characterized by a dual structure:

1. The market as a specific supply and demand ratio;
2. Market objects – commodities and money;
3. Market entities – sellers and buyers;

Corresponding Author:

V. S. Afanasyev
 vladilen@inbox.ru

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4. Actions of the market entities – selling and buying; and
5. Motivation of the market entities: monetary and consumer's. In this case, the buyer mainly has consumer's motivation and the seller monetary motivation.

What's the matter? Why the aforementioned economic phenomena have namely dual and no other structure?

The answer to this question is quite simple. Commodity form is inherent in these economic phenomena, and as we know, commodities are dual. It is a contradictory unity of the use-value and the value. Therefore, these economic phenomena in their structure reproduce dual structure of commodities one way or another, as appropriate [2-4].

For example, the wear and tear of fixed capital directly characterizes the processes covering the use-value of this capital, while the obsolescence directly reflects changes in its value characteristics.

Given the fact the commodity properties are inherent not only in the discussed, but also in the totality of economic phenomena of capitalism, this implies a very important conclusion: dual structure is inherent in all these phenomena as needed [5-7].

Let's see, if it is so.

At the same time, let's recall that it is based on the commodities as a contradictory unity of the use-value and the value.

1. The use-value of a commodity is also dual. It acts as real and formal use-value. Thus, the use-value of a commodity is dual in the sense that it acts as a contradictory unity of real and socio-economic commodity properties: corporeal properties (real use-value) and monetary properties (formal use-value) act as a commodity utility. The term 'formal use-value' means that the use of the commodity in this case stems from the public (commodity, monetary) form of the labor product, but not from its corporeal content [2]. For example, the usefulness of Faberge Easter eggs is expressed not only in its aesthetic, but also in its monetary properties.
2. In turn, the value of commodity is also dual. On the one hand, this is the old value, that is, the value transferred by a concrete labor from the means of production, and on the other, the value newly created by abstract labor.
3. Simple commodity production appears, on the one hand, as a simple labor process, that is, as the use-value production process, and on the other as the value production process.

Accordingly, simple commodity production factors are dual to it: on the one hand, this is a useful, concrete labor as the factor of use-value production, and on the other, the abstract labor as the only factor of value production.

1. Labor productivity expressed in the number of use-values produced per unit of time, is a contradictory unity of productive labor power and labor intensity. In this case, if productive labor power acts as an expression of the labor quality, that is, the efficiency of a concrete useful form of labor, then labor intensity characterizes the yield of products at the expense of the amount of labor applied per unit of time.
2. Money is also dual. They have a specific use-value (universal exchangeability) and value.
3. Functions of money are dual too: on the one hand, it is functions of their use-value, namely – means of circulation and means of payment, and on the other – the functions of the value of money – namely, a measure of value and means of treasure formation. Due to the fact that paper money (unlike gold) does not have commodity value inherent in gold, it cannot fully perform value functions of money, that is, a measure of value and means of treasure formation.

Supply of commodities directly acting as a phenomenon of the use-value is also dual: on the one hand, this is a specific quantity and quality of use-values offered to the buyer, and on the other, the prices of the offered commodities, that is, the phenomenon of the monetary nature.

1. A demand for commodities is dual too: demand itself is the value phenomenon: this is the supply of money, that is, independent, material, isolated form of the existence of the value of traded commodities, in exchange for commodities. However, demand is always aimed at a particular use value.
2. The nature of supply (commodity and money supply) is also dual, as well as the nature of demand (commodity and money demand).

Customers are offered commodities of the same kind but of different models at different prices (commodity supply), or different commodities at the same price (money supply). The issue with demand is similar.

1. Market prices of commodities are also dual. As is known, on the one hand they exhibit nominal, and on the other real prices, that is, considering solvency of the

buyer. At the same time, as established by the British economist A. Marshall, market prices are dual in the sense that they act on the one hand, as the demand prices, and on the other as the offer prices.

2. Pricing laws are dual too. According to A. Marshall, on the one hand, this is the law of demand and on the other, the law of supply [10].

2. Materials and Methods

Consideration of the economic phenomena of simple commodity production undoubtedly reveals its inherent dual nature.

Capitalist production, as such, is dual. It is a contradictory unity of the simple labor process, that is, production of the use values, and the process of value increase, that is, production of surplus value.

Such approach makes it possible to develop a model of economic phenomena, summarizing dual pole nature of economic phenomena (Figure 1) [5].

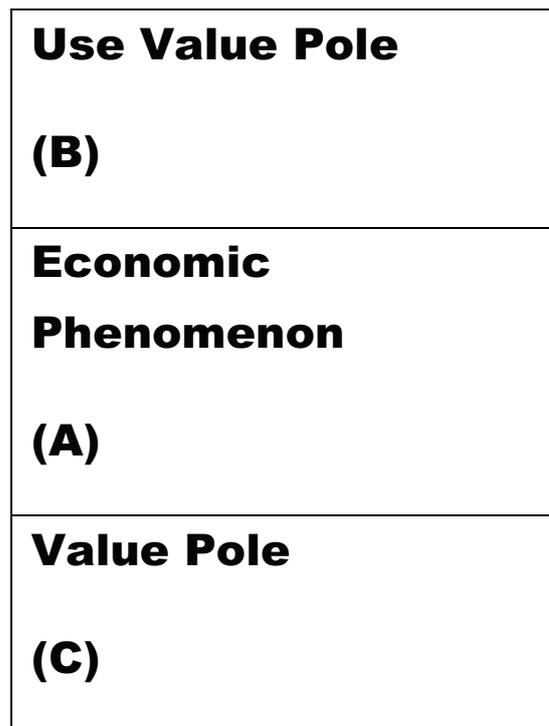


Figure 1: Two-pole model of economic phenomena – ABC (ABC model).

The commodity nature of economic phenomena of capitalism determines not only its inherent duality but also its nature: all economic phenomena reveal the presence of one or another of the two poles in some form – use-value pole and value pole.

Here, we see the different nature of these poles in terms of quality. On the one hand, these are use values, items or services of their useful properties, and on the other, a special socio-productive relations inherent in these items or services. An economic phenomenon is thus a contradictory unity of the socio-productive relation and its material carrier.

Economic phenomena with dual nature and also of different quality, different order, are like the mythical Centaurs. On the one hand, economic phenomena act just as things in their natural-corporeal quality, with all quantitative and qualitative characteristics and regularities inherent in natural-corporeal phenomena and processes, and on the other, they act as phenomena of socio-economic nature, as socio-productive relations of people, having nothing in common with its corporeal form and its inherent natural-corporeal properties, and complying with totally different – social and economic – regularities.

3. Results

In terminology, this means that intrinsic nature of the phenomena studied, in principle, cannot be expressed by a single category whatever significant and universal it is. At least three categories are required to solve this task.

It is a kind of Three-tier Rule in political economy. One category is required to describe the phenomenon per se (so to say, the basic phenomenon), not reducible to any of its inherent features, and the other two additional categories are needed to express its dualistic internally contradictory essence.

For example, with regard to the commodity, economic science has long ago established that for adequate expression of its fundamental qualities it is not enough to use single category of the 'commodity'. Three categories are required for this, designating both the phenomenon itself and its two poles.

One category – the 'commodity' – is used to express the product of labor intended for sale, as a basic phenomenon in relation to its two constituent poles. Two other categories are used for their designation – the 'use value' and the 'value'.

4. Discussion

Meanwhile, the analysis shows that certain theoretical economics categories, and the whole set of them, do not fit in the three-tier rule, indicating that conceptual apparatus of this field of economic theory taken as a whole is beyond the scope of genuine

science. Economics categories are commodity-fetishistic by nature, apologetically refer to the poles of the use value of economic phenomena as their socio-economic essence.

5. Conclusion

Discovery of the dependence of the dual nature of economic phenomena on the dual nature of labor solves an important problem, namely – determining what society's economy is as such.

Considered from this point of view, society's economy in general, in all the diversity of inherent economic phenomena, acts as the aggregate functioning labor for production and reproduction of tangible and intangible benefits, labor armed with the means of production, knowledge of the laws of nature, having manufacturing skills and production experience [8, 9].

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