

EDITORIAL PREFACE

The Need for Applied Behavioral Economics

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The idea of editing this journal came up – as most important ideas do – as we were sitting contemplatively in a Mall Café one Saturday evening. One of our friends, a respectful employee of the Romanian Ministry of Finance was talking about some of his acquaintances who had been made redundant and, in this context, I was pondering about the dynamics of unemployment in Romania in the last year. We started to wonder worriedly what would happen if our universities decided to make us redundant and if we became unemployed as the people we were told about, being thus obliged to find or create a workplace in today's troubled times. All the people we were told about came from the private sector and it was in this sector they wanted to go back to. We wondered again: if we had to create a workplace tomorrow and that depended entirely upon us, as small enterprisers, what would we choose to do?

Our friend started to diligently quote from economics textbooks, telling us about the need to increase national production, to support small entrepreneurs, about diversifying services and production and about capital injections. Although, we must confess, things rang familiar to everyone and our minds were so polluted with famous theories about re-launching economy that we were tempted to accept these theories

once more without questioning them, still we approached a different perspective, probably due to the place we were in. Around us we could see enough proofs of the fact that, beyond any motivation, the theoretical and practical objective of any economy is to satisfy consumption. Of course, you will start telling us about the theories regarding the producer or the investor, or that there are functioning mechanisms and control instruments for variables such as inflation, deflation, saving, investments and that there are also real masterpiece publications which inform us about how economic cycles occur and evolve; however, forgive our reductionist approach, but none of the previously mentioned things could have appeared in the absence of the first words written down at the beginning of the economics textbook: “in a certain period of time, human needs outnumber the resources that can satisfy them.” Consequently, final consumption seems to be the direct or indirect engine of the daily rush to make money, obtain good jobs or a high social status.

Our presence in the Mall on that Saturday evening brought to our attention one of the more and more familiar images of our times. People dashing to and fro in search for fun, relaxation and other similar rewards after a stressful week in which they rushed off to their jobs for earn-

ing money day by day. Shopping bags full of goods, crowdedness in shops, faces bored with the more and more aggressive advertisements of traders. Loud music, sounds and smells, pleasant eye-catching window displays, a mixture of stimuli that nourish all human senses in a never ending attempt to promote sales. Or, actually, an attempt to promote the final consumption? That very moment I saw a crowd of people that reached its natural capacity to consume and that was then desperately responding to the more and more powerful and aggressive pressures imposed by multinational companies eagerly engaged in an attempt to ceaselessly create new needs, many of them artificial ones, and to motivate these needs for the sake of the flow of money. What could we offer citizens, supposing we became entrepreneurs over night? What kind of products or services should we offer them so that we could at least hope that we would survive on a market which is already occupied by multinationals? What markets could we enter and what revenues could be of help to the market's representatives? And, last but not least, what needs have not been satisfied yet and what needs are already replete, and, consequently, could we identify a niche of even slight importance on the market? These are difficult questions to answer and they point out a single problem: what type of economy hyper-consumption prefers and what people promote?

Editing a new journal is not an easy task. By simply accessing Google, one becomes aware of the millions of results that can be found at a single search and, consequently, you start wondering why edit a new journal. However, the problems we brought about in our discussion the evening we spent at the Mall led us day by day to formulating important questions that economics textbooks – we usually recommend our students – cannot offer an answer to. For example, we can refer to how simply we present the first course in which we tell students about human needs without having the power to draw their attention towards the significance and connotations of the *need* concept or to make a deeper analysis of the way in which these needs are insinuated in economy. We cannot ignore how

casually we lecture on a classical and already obsolete theory as the one of the consumer, full of diagrams and indifference and holy rational maximizing agents, now when the new hyper-consumption-oriented society should make us weigh the extent to which the models we draw on the boards can still be empirically supported. When we discuss about innovation, we limit ourselves to a quantitative approach, ignoring out of convenience or sometimes out of ignorance the paradoxes we identify in a world full of a multitude of choices.

Are we still healthy or able to keep up with what we are told that **must** be consumed? Do we still have resources to engage in a supplementary production? What kinds of goods or services are necessary in our life today so that the stimulus resulting from their consumption or the needs they are going to satisfy could be real and observable? And, last but not least, which of the needs that manufacturing companies eagerly inculcate in our minds are really decent and not an aberration produced by minds which are bored with sufficiency or annihilated by too much commercial pressure? And last but not least, we could wonder who else will buy in a world in which everything is changing and becomes obsolete incredibly quickly? As long as most of the population does not afford to buy most of the advertised products, the more and more diverse and ever increasing production is undoubtedly oriented towards a small and saturated segment of population which is reduced to non-decision by the multitude of products that assail people.

These are a few of the questions that inspired the idea of editing this journal. They are complex questions to which behavioral economics intends to offer an answer and hopes to do its duty honorably. However, there are still voices which state that this segment of economics is not only spectacular but also impossible to be applied in practice. Our humble challenge – as we should specify from the very beginning – aims to come up with solutions that could be applied in everyday life and that contradict the notions we lecture students during the semesters. We, the editors of this journal, have tried and

succeeded in bringing a beam of light in our students' minds. We believe in all who wish to follow the same path.

We would like to thank the IGI Global Team for the courage it proved when accepting our proposal to edit this journal. We would like to thank Kristin Klinger, Heather Probst, and Jamie Wilson who have always supported us and believed in us, as well as in our power to create and sustain this editorial project in a controversial and difficult field. I would

like to thank you and we hope that our daily collaboration will be an opportunity for us to accomplish our editorial duty with the same devotion with which you have supported us in the last three years.

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Viorel Cornescu is the Vice Rector of the "Nicolae Titulescu" University, and a very important specialist in Romanian Economics. He is one of the main authors of the teaching books in Romanian economic education, a specialist in Organizational Psychology and he is a member of accreditation organisms of Romanian Ministry of Education. His contributions to the Romanian university school are very important both in theory and practice. He is a member of the "Romanian Economists Association" and the "Romanian Scientific Society in Management", with the goal of promoting among economists non – economic factors with impact in understanding economic behavior.