

Methodology for Analysing and Evaluating the Effectiveness of Investment Projects: from Idealism to Consumer and System Approaches

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Abstract. The article studies the theoretical and methodological approaches of subjective and objective idealism, general scientific subjective and consumer methodological approaches in relation to the systematization of the fundamental foundations for evaluating the effectiveness of projects. The scientific positions of the economic schools of mercantilism and marginalism are analyzed, the views of the economic school of physiocrats, the ideology of objective rationalism of classical political economy are considered. In the course of theoretical scientific research, the process, trend and regularity of transformation of the main principles of subjective and objective idealism into the basic characteristics of consumer and system methodological approaches, respectively, which are the basis for evaluating the economic efficiency of investment projects, are established.

1 Introduction

The main problem in the study of the methodology for evaluating the effectiveness of investment projects is that all the basic principles of this direction are formulated in a highly specialized applied direction and all the information is recorded in foreign and domestic methodological recommendations [1], [2]. Thus, there is an objective need to systematize the fundamental foundations of the theory and methodology for evaluating the economic efficiency of projects.

In the broadest sense of the word and from a theoretical point of view, methodology as a doctrine of research methods is formed by the doctrine of cognition – epistemology. When the methodology is applied to real economic entities, then ontology, that is, the doctrine of being, comes into play. Narrowing the meaning of the concept of methodology, they study specific methods in a particular field of economic science, methods, and algorithms.

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2 Methods

Let us first consider general scientific methodological approaches to the study of the processes of evaluating the effectiveness of investment projects, then general economic methodological approaches.

As you know, the basis of any methodology is philosophy. Therefore, when considering general scientific methodological approaches and methodological approaches to the study of economics, it is necessary to initially summarize the philosophical basis.

We study the general scientific subjective methodological approach and its application in assessing the effectiveness of investment projects.

3 Results

The fundamental basis of the subjective methodological approach is subjective idealism. The ideological ancestor of this philosophical trend is considered to be the ancient philosopher Socrates, who believed that the material world surrounding man is subjective. Socrates showed the spiritual sphere of consciousness as an independent sphere of reality, revealed the importance of considering the human personality. The greatest virtue in Socrates is recognized as the moderation of a person in everything. We know his idea that the less a person needs material goods, the closer he gets to God. Let us note an important feature of subjective idealism – the independence and freedom of the individual, but with the observance of the rule of moderation [3].

The object of economic research with a subjective methodological approach is a free and sovereign economic entity that forms the subjective value or value of spiritual and material goods in the conditions of limited resources and unlimited needs. The subject from the position of the offer is an enterprise that produces products, provides services, and performs work. In our case, such a subject is an investment project. This subject owns private property, which must be inviolable. From the point of view of demand, the subject under study is a free and sovereign consumer or buyer. The main theory of the subjectivist methodological approach is the economic theory of choice, taking into account utility and need. Freedom of choice and benefit for a person are the main conditions for the implementation of the subjectivist methodological approach.

From the general scientific subjective methodological approach, a general economic methodological approach, called the consumer approach, follows. The essence of the consumer approach is that the value of spiritual and material goods is formed by their utility for an individual subject.

Speaking about economic schools that adhere to a subjective, and therefore consumer-oriented approach, the following should be distinguished.

First, they are mercantilists, who believe that the basis of the wealth of the state and the satisfaction of all the needs of citizens is formed by trade, and above all, foreign trade with the predominance of exports over imports. The founders of mercantilism are Thomas Man, Jean-Baptiste Colbert, Antony Serre, Samuel Fortrey. The concept of mercantilism is closely related to state protectionism [4].

Secondly, the flourishing of the consumer approach is associated with marginalism. Marginalism lays the foundations of the neoclassical trend in economic theory as an alternative to classical theories. The founders of marginalism are Carl Menger, William Stanley Jevons, and Leon Walras. Karl Menger believed that the value of various goods has a pronounced subjective character and it does not exist as such outside of human consciousness. William Stanley Jevons considered the main problem of economic science to be the maximum satisfaction of a person in pleasure and liberation from suffering. He made a great contribution to the development of mathematical analysis in economic theory.

Leon Walras developed the theory of economic equilibrium. He adhered to the subjective theory of value, and also promoted the mathematization of economics. Marginalism uses methods of analysis based on marginal concepts of utility, productivity, cost, income, and others. Marginalists believed that a person, satisfying all his needs and freeing himself from suffering, should be rational [5].

Let us consider the concept of marginalists from the standpoint of the moderation of the subjective idealism of Socrates. The question is to what extent a person should indulge in pleasure. If the enjoyment of goods makes him a slave to them and a person is unable to control himself as a person, then this means that he suffers. And how can you then free yourself from suffering while at the same time indulging in pleasure as much as possible? This is the whole point, that it is impossible to be rational and reasonable and at the same time indulge in maximum satisfaction. After all, the main virtue of Socrates, namely, he is the founder of subjective idealism – is moderation, that is, the knowledge of measure. Consequently, it can be stated that subjective idealism places the freedom of the individual in the first place, but speculative mercantilism and irrepressible marginalism distorted the original correct guidelines of Socrates.

The consumer methodological approach in economics, which is based on subjective idealism, from our point of view, can be developed in the direction of what is really useful moderation for a person in satisfying needs, obtaining pleasure and reducing suffering, and what is on the contrary harmful and destructive is the maximum satisfaction of a person. For example, the Orthodox Christian Saint Basil the Great considers "actual needs" to be the measure of permissible expenses. St. Clement of Alexandria of the Anglican Church proves that "it is precisely those objects that are not difficult to acquire that are most useful to people." "The Scriptures do not require us to renounce property, but to renounce excessive attachment to property." St. John Chrysostom tells us to "be thrifty in view of the poverty of other people, because by refraining from wasting money, you get the opportunity to help others." He also states that "wealth is a distorted pursuit of eternal life."

In relation to the field of methodology for evaluating the effectiveness of investment projects, the consumer approach lays the foundation for it in terms of the fact that the economy in this approach is a theory of choice between alternative projects. And the choice is made in favor of an option with a set of indicators and characteristics that meet the criterion of the greatest utility, that is, the ability to meet the needs of society, and therefore maximum efficiency. The economic category of efficiency is expressed by the ratio of costs and results. It is natural that it will not be possible to achieve results in the absence of meeting the needs of society. But it is necessary to pay attention to the fact that these needs should be urgent, and not aimed at satiating a person with pleasures. The principle of moderation in relation to labor, means of labor and objects of labor must be observed. For example, the purpose of investment projects and programs should not be the production of luxury goods (luxury real estate, cars, things, gadgets) and debauchery. It is also necessary to control the price chain so that the price is affordable (moderate) for the consumer, reducing the speculative links of intermediaries. The disparity in the salaries of workers, specialists and top-level managers must be eliminated. It is necessary to comply with the principles of labor rationing. We need to introduce new technologies to increase labor productivity and save resources.

Thus, the methodological consumer approach based on the subjective approach, which in turn is based on subjective idealism, is certainly applicable to the evaluation of the effectiveness of investment projects as a theory of choice according to the criterion of utility (efficiency) for an individual subject (participant in the investment project), but with the observance of the principle of moderation in all elements of the system of social production [6].

4 Discussion

Objective idealism, the ancestor of which is another great ancient Greek philosopher Plato, sees the objective spiritual principle as the primary basis of the entire universe. There are also its representatives in German classical philosophy in the person of Schelling and Hegel. In an economy whose goal is the rational provision of all human goods, objective idealism, apparently, is not perceived as a methodological basis due to the fact that social production exists for a person, and not for a higher superindividual principle, but the economy operates according to laws that are determined and dictated by this very principle. Due to this fact, the fundamental basis for the economy is objective idealism, but in combination with rationalism [7].

The foundations of objective idealism and rationalism were laid by the German philosopher, mathematician, physicist, historian and lawyer Gottfried Leibniz. Rationalism as a method is characterized by the fact that the basis of knowledge of all things is reason. In economics, rationalism is the first methodological approach [8]. A representative of the economic school of the physiocrats, who are representatives of rationalism, the French economist and physician Francois Quesnay created "Economic Tables" describing social reproduction as a whole, that is, he made an attempt to create a macroeconomic model.

The ideology of objective rationalism served as the foundation for the founders of classical political economy: Adam Smith, David Ricardo, John Stuart Mill, who studied the laws of the development of economic systems as a whole, that is, from an objective rationalist point of view [9]. In modern economic theory, the objective rational methodological approach, which was based on philosophical objective idealism, was transformed into a systematic methodological approach. But, just as in the study of subjective idealism, there is a tendency to gradually lose the original spiritual and moral principles of objective idealism.

5 Conclusions

In the field of methodology for evaluating investment projects, it is the systematic methodological approach that plays a key role, since the investment project is considered as a system in the general economic environment, which is also a system, but only at a different level.

Thus, in the case of the space-time continuum of both subjective and objective idealism, the evolutionary stages, their essential characteristics and the chain of transformations to the level of specialized narrowly focused methodological approaches in the field of assessing the economic efficiency of investment projects are established. The author reveals the regularity and tendency of transformation of the privilege of the spiritual sphere of the individual of subjective idealism into the priority of consumer efficiency and transformation of the primacy of objective spiritual attitudes of the world of eternal ideal entities (wisdom, courage, temperance) into the principles of integrity, hierarchy, structuring and multiplicity.

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