The Philosophical interpretation of Fragility as an Economics concept

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ABSTRACT

The foundation upon which this paper was submitted is to rigorously conceptualize the adoption, and the interpretation in the use of the term 'Fragility' in a strict economics perspective, to avoid the continual arbitrary interpretation of the terminology that confuses its explanation power in a strict economic context to that of political economy as a school of thought within the Lexicon of the Faculty of Social Sciences.

Keywords: Fragility, Concept, Interpretation, Pedagogy, Economics, Political Economy
Jel Codes: A2, E6, F4, G1, H5, P0

A. PURPOSE OF STUDY

This very study expresses an advanced philosophical intent to phenomenological examine the rational as well as the factors that constitute the term [Fragility] as a concept in Economics perspective. This exercise has become relevant due to the increasing adoption and application of the stated terminology in the Journals of Economic Perspective. Yet the authors' approach of interpretation of this very term, is based on arbitrary employment of the terminology suitable to the context of study, thus ignoring its ontological and theoretical foundation in the Taxonomy of Economics within the School of Social Sciences.

Senzu (2019b) defined 'Fragile Economy' as, "An economy experiencing significant weakness in its currency, making it difficult to finance its account deficits and growth projections, thereby contributing to a slow down and vulnerability in its welfare functioning." He thereby traces the ontology of the [Fragility] concept from Stanley Morgan 2013 submission, noted to have coined the term to represent emerging market economies that are too dependents on unreliable investment to finance growth ambitions. Demirel (2009), defined 'Fragile Economy' as an environment where firms rely heavily on external funds to finance its operational costs. In a recent paper published by Diallo, et al (2022), the term fragility of an Economy was in this context employed referencing the definition concept from (Besley and Collier, 2018) as a situation that features governance and capacity challenges, and sometimes weak State legitimacy, which often leads to tensions and violent conflict. However, the ontological use of the term [Fragility] in Economic Perspective as a matter of historic records was employed as in monetary and macroeconomic analytical deductions, which was further advanced in such line of study through the theoretical works of Unver and Bogru, (2015). Onwards, received the Political Economy definition concept as a mainstream study by the Organization for Economic Co-operation and Development, as well as the World Bank, through their publications, as relied upon by the study of Diallo, et al (2022).

B. PHENOMENOLOGY OF 'FRAGILITY CONCEPT' IN ECONOMICS PERSPECTIVE

The paper thus argue that in other to uphold an accurate conjecture of [Fragility] in a strict economics perspective, the following factors should phenomenally be observed as major causal effects to any economic system, counting on the purpose, and ontological adoption of the term into the Economics lexicon as a matter of historic records and defined below;

i. Weak Economic Fundamentals

ii. Vulnerability to Economic Shocks

iii. Incapacitated to mitigate macroeconomic shocks

These tripartite causal effects above will be briefly examined towards the conceptualization of the term [Fragility] in a strict economic perspective, and theoretical synthesization as an adoption into the definition taxonomy of Economics.

[i] **Weak Economic Fundamentals**: As argued by Santacreu (2015) that variables that defined Weak Economic fundamentals of an economy, were as follows; the Vulnerability of the economy to the short-term debt, the amount of foreign reserve an economy possess, the current account deficit as a percentage of gross domestic product, the inflation rate, the cyclical adjusted public budget, and the debt of government.

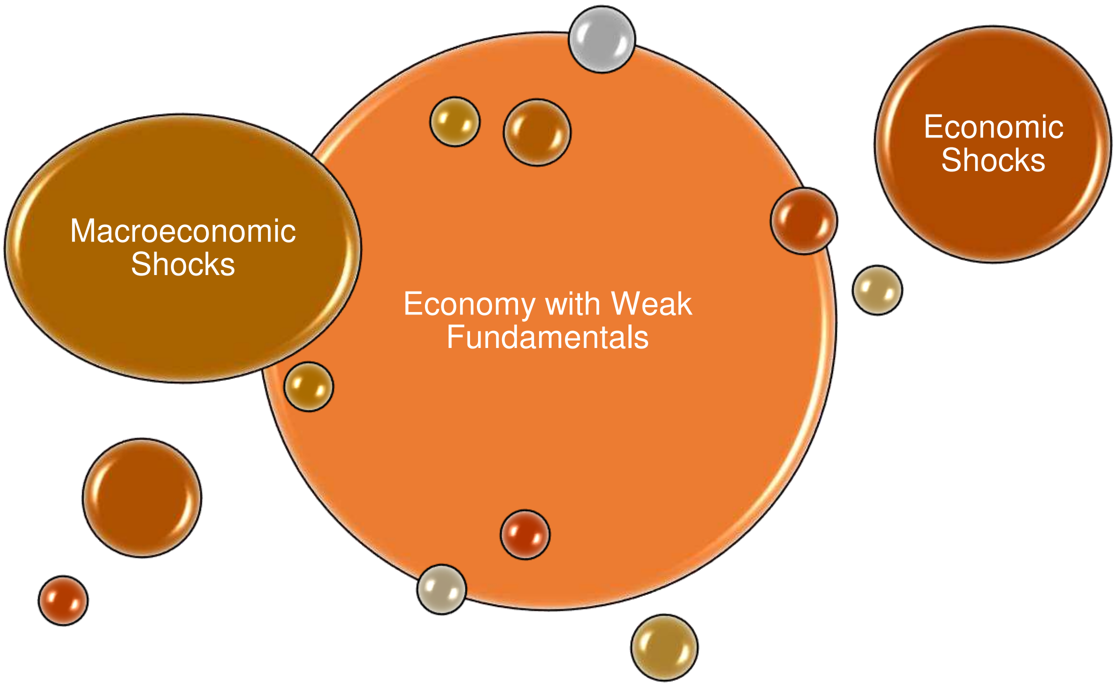
[ii] **Vulnerability to Economic Shocks**: Frankel (2012) posits, Economic shocks observed in any given economy could arguable be attributed to financial crises, currency instability, recessions and commodity shocks.

[iii] **Incapacitated to Mitigate Macroeconomic Shocks**: Ramey (2016) synthesizes and established what could constitutes the problem termed as macroeconomic shocks of any

given economy, and gave an account of the causal factors as follows; Monetary, Fiscal and Technological shocks.

On the basis of the established analysis above, present to us a phenomenal study structure of a ‘Fragile Economy’ upholding to it accurate historical ontology as Figure F1 below;

Fig. F1. *Fragility Concept Model*



E.T. Senzu (2022)

C. CONCLUSION

The paper thereby concludes, an effective employment in the use of [Fragility] as a terminology in strict Economics context, counting on the historical purpose of coinage and ontological usage, requires the concept to represent a tripartite meaning in Economics lexicon as weak fundamentals, vulnerability to economic shocks, and incapacitated to mitigate macroeconomic shocks of any given economy under study.

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