

# Inclusion of Universal Wisdom of Proverbs into Economics and Finance

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## DESCRIPTION

- My original constantly **evolving collection** of proverbs used for exemplifying respective concepts in economics and finance courses.
- Gathered for over a decade for my various undergraduate and graduate courses offered to business students.
- The application of proverbs differs across a variety of my courses and depends on different course concepts and objectives.
- They reflect my experience in selecting the proverbs as an **accessible** and **unique reference** for students for **universal context** and from the course perspective and with consideration of **professional jargon**.



## OBJECTIVES

This research was motivated by the following objectives of using proverbs for more intuitive and effective **conceptualization** and understanding of economics and finance as **social sciences** with a **broad perspective**:

- Proverbs have considerable sociopolitical influence as verbal and cultural signs of values and attitudes many gaining currency and popularity as expressions from all walks of life and ethnic backgrounds. They are valued for conciseness, simplicity, and for conveying the make-up the worldview of practical life. Characteristics of proverbs make them **recognizable** for **students in the learning process** and foster **natural reception**.
- Proverbs are widely known and relatable as popularized in the modern age of technology, the mass media, the internet, and general globalization across all socioeconomic classes in the U.S. and in the world. Therefore, linking proverbs with **theoretical models** and **data analysis** adds **clarity** and **comprehension**.
- Anglo-American proverbs are globally disseminated in English or via loan translations as international phenomenon often of mixed origins as outcome of a melting pot of traditional, and classical wisdom with historical track record. Use of proverbs supports **conceptual and critical thinking**.
- Proverbs can easily serve to **visualize** as a picture or a parable of a repeating moral of social truth with underlying trivial facts and transferable meaning for analogical applications. Thus, proverbs provide students with **amusement**, stimulate **attention** and **engagement**.
- Surprisingly, proverbs express a perceived truth based on common sense or lessons from experience creating a **logical, easy, and obvious reference** for students.
- Proverbs as metaphors, resemble emblematic world reflecting the perception of nature in human mind with the anonymous authorship. Inclusion of proverbs creates a **memorable experience with impactful iconic** connotations to be retained forever.
- Selection of suitable proverbs can be challenging and requires recognition of the dynamic environment. The worldview continuously develops and the required focus on proverb association with **professional interest** affects the best intended reflection of the meaning.

## COLLECTION – KEY CONCEPTS

- Necessity is the mother of invention (needs).
- Time is money (scarce resources).
- Two wrongs don't make a right (assumptions).
- You can't make an omelette without breaking a few eggs (assets, factors of production).
- There is nothing in business like a free lunch (rate of return).
- Don't kill the goose that lays the golden eggs (tradeoffs, opportunity cost).
- Don't cry over spilled milk (cutting the losses, sunk cost).
- All that glitters is not gold (valuing assets).
- Don't count your chickens before they hatch (risk, future value).
- A bird in hand is worth two in the bush (future value, discounting).
- Cash is king (Cash Flow, Present Value).
- Money is the lifeblood of a corporation (FCF, DCF).
- Good things come to those who wait (time value of money, accrued compound interests).
- There is nothing sure in life but death and taxes (tax management, tax shield).
- Small is beautiful but big is powerful (economies of scale, MNC, globalization).
- Better to be safe than sorry (to hedge or to not hedge).



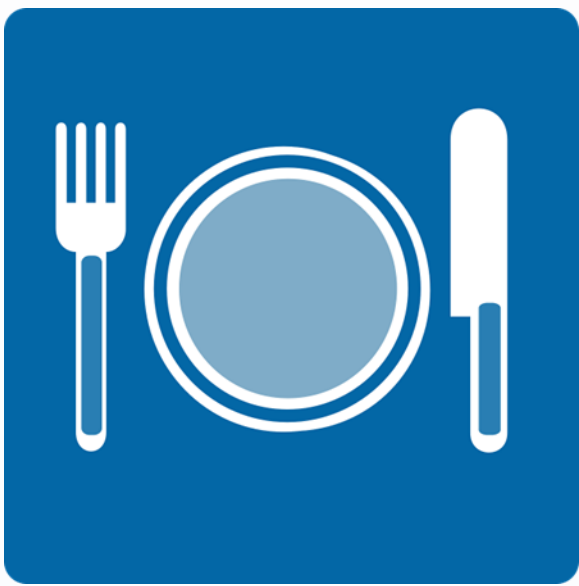
## COLLECTION – THEORIES & STRATEGIES

- Do not put all your eggs in one basket. Variety is the spice of life (portfolio theory, diversification).
- Birds of a feather flock together (consumer preferences, market panic).
- A self-fulfilling prophecy (bank runs).
- You cannot teach an old dog new tricks (behavioral finance, consumer theory).
- Beggars can't be choosers (disposable income, liquidity).
- All good things must come to an end (economic cycle).
- A picture is worth a thousand words (technical analysis).
- Don't bite the hand that feeds you (stakeholder theory).
- Knowledge is power (game theory and communication, rational choice).
- Keep your friends close, and your enemies closer (cooperative strategies).
- Two heads are better than one (teamwork, collaboration)
- Where there's smoke, there's fire (news, information).
- The early bird catches the worm (a first-mover advantage).
- Low-hanging fruit (pecking order theory).



## COLLECTION – PRINCIPLES & LAWS

- You don't sail a ship on calm waters. Nothing ventured, nothing gained. No pain, no gain (risk/return trade off).
- Strike while the iron is hot (buying opportunity).
- Too many cooks spoil the broth (the law of diminishing returns).
- You can beat the markets but if you can't beat them, join them (market efficiency).
- Don't take potluck as it's not pot of gold (rational expectations, forecasting).
- Trend is your friend (trend analysis).
- When in Rome, do as the Romans do (follow the trend, market, key players).
- Eat or be eaten (M&A).
- If you play with fire, you get burned (meaning of risk).
- Derivatives are financial instruments of the devil (financial innovations, leverage, speculation, excessive risk, hedging).
- Fortune favors the bold (risk/return trade off, managing risk).
- God helps those who help themselves (entrepreneurship, agency).
- Hope for the best, prepare for the worst (scenario analysis).



## CONCLUSIONS

- This innovative dynamic approach of using proverbs reduces **entry barriers** into the field of economics and finance theory.
- It supports **diverse learning styles** with student's independent and multidimensional thinking applying various perspectives (including **ethics**).
- The problem-solving is **scrutinized** by application of complex concepts with **deeper meaning** and **reconciling implications** (individual and societal) while actively engaging in the intense dialog for better understanding.
- The multiyear evaluation and **refinement of proverb application** provided an extensive research material for assessing the effectiveness of the selected ones across curriculum in achieving learning goals of the courses.



## LITERATURE

- The literature on the use of proverbs for pedagogical purposes in economics and in other disciplines is limited, pointing to the innovative nature of the approach. The survey and focus groups conducted among students of Comparative Economic Development course, showed that the exercise promoted reflection. After engaging with the proverbs, students appreciated seeing both the positive and negative aspects of money in the proverbs. They considered own attitude towards wealth. Students appreciated that proverbs describe the wisdom in a few words. They also believed that the human nature has not changed over history, making proverbs, which normally have ancient roots, still relevant today. There was some evidence of transformative learning in the proverbs exercise because students attempted to reconcile proverbs via applying them to different situations and respecting the conveyed wisdom (Girardi, 2011).
- Social scientists believe that the cultural values and norms motivate, guide, and influence the behavior. The observed economic behavior in the U.S. is influenced to an extent by the American proverbs and sayings in respect of 1) consumption and savings, 2) work orientation, 3) investment, entrepreneurship, and risk taking, 4) education attainment (Abou-Zaid, 2013).
- In economics, the pursuit of generality is challenged when addressing social behavior. The author explains contemporary society in a way that appeals to our understanding of rationality by writing allegories. He adopts the approach to an interpretation of behavior founded on the capacity of the individual to reason about his or her actions, as well as their consequences in social life (Mavridis, 2008).
- The primary difference between expert and non-expert analysis is that experts see the world through formal models, whereas non-experts use the summation of experiences transmittable through proverbial wisdom as stories or axioms conveying deep messages that tie humanity together. We think of proverbial wisdom as advice that represents practical knowledge or aggregated anecdotal evidence that has been passed between people across time. This study considered how proverbial wisdom can be used to influence public policy thanks to ability to capture unchanging characteristics of humanity. Proverbs can provide moral guidance as they convey a message about the world in which all like to live. They guide rather than restrict or dictate. Proverbs were an important tool for the classical economist as the popular experience but with the necessary application of reason (Winfree, 2018).
- Even in modern highly technological society as that of the United States, people still capture their observations and experiences into concise proverbs expressing wisdom. Constantly increasing global influence of American, as well as earlier British proverbs, is not limited to countries where English is the national language. With English being the lingua franca of the modern age, Anglo-American proverbs are being disseminated throughout the world in English or as loan translations in social and business interactions (Mieder, 2010).

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