

# Ofelimità and its Impact in Economy and Society

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**Abstract:** *The concept was introduced by Vilfredo F. D. Pareto, a leading representative of the Lausanne School of Economic thought. Ophelimity comes from Greek, meaning something useful, advantageous for people. And in these challenging and bad days, it is a good landmark to refer to.*

*The term is the expression of the ordinal preference-ranking indicator of the utility. That is, the setting of preferences in a certain order and the purchase of the goods/ services depending on the intensity and urgency of the needs, now and on short-run.*

*Therefore, using a survey of the literature in the field, we can deduce the tendencies of the human life and social-economic activities on short-run and, even, on medium-run, altogether with the elements of the Maslow Hierarchy Needs.*

*The term utility of goods and services, even ophelimity is necessary towards regaining the basic needs of people and the re-birth of economies and of social life.*

**Keywords:** *ofelimità, utilitarianism, hierarchy of needs, satisfaction, functionality.*

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## 1. The general approach of ophelimity and utility

*Ophelimity/ ofelimità* is an economic and psychological concept introduced by Vilfredo Federico Damaso Pareto (1848-1923), a well-known Italian sociologist, economist, philosopher, engineer, as a measure of purely satisfaction for economic and social scopes, while the well-known term of utility could be used for a wide range of human activities dimensions, such as ethical, religious, political. This focused idea, because he made important contributions in Welfare Economics (as one who developed this field of Economics), part of the studies of income distribution within a society and analysis of individuals' choices (see Ng, Yew-Kwang, 1983).

In fact, we are dealing with a most prominent social impact, a genuine utility for service, as Pareto himself said. It is about the *genuine utility for social service*, which has to be better understood in making work out plans for economic and social betterments. In Pareto's opinion, it is no question of abandon the term utility, but to highlight the term ophelimity as an expression of the value-making quality.

From the Greek starting point, the meaning of this word is that one of being useful, advantageous, even getting benefit (profit).

Because we are discussing the sphere of *utility* (saw under the both its aspects of *ordinal* and *cardinal*), in the Pareto case it's about *the ordinal preference-making indicator*, that is, shortly, *ofelimità/ ophelimity*. More things about the ideas around different economic terms regarding the human beings (as bio-psycho-social entities) and their activities are included in Lawrence H. White's book of economic ideas debates (2012).

The people is looking for *putting in order of importance* the goods/services, that is economic needs, translated them into personal values and, by consequence, at a larger scale, contribute to the market value.

The process is setting of preferences in a certain order and the purchase of the economic goods/services (Florea, 2017; Luha, 2020) depending on the intensity and urgency of the needs, now and on short-run.

Thus, he lays the foundations of an effective *theory of the consumer*, focused only, or for the most part, on *the ordinal utility* (Trifu, 2005). That is, the importance of each economic good determined the place of that good/service in the consumer's preferences. The final of these actions of buying and consuming led to satisfaction, happiness, profit.

For Pareto, the cardinal utility doesn't exist and *the ordinal utility function* is working and, in this way, this approach represents a total

abandonment of Jeremy Bentham's utilitarianism (Read, 2004). In a word, Pareto rejected altogether the idea that quantities of utility mattered.

In a perfect competition, in the conditions of a pure open market economy, a so-called economic optimum was reached, which corresponded to a position of general equilibrium and which involved on the one hand the balance between the tastes (satisfactions) of the consumers and the producers' costs and, on the other hand, no additional exchange can improve one's wellbeing, without diminishing another's.

This theory of the Paretian utility is included in the larger known theory of the Italian scholar known as *the Paretian optimum*. Briefly, this theory which includes Pareto amongst the representatives of the Lausanne School of Economic Thought reveals the fact that the improvement in the situation/level of satisfaction of some people leads to the deterioration of the situation of other people (Trifu, 2005). His belonging to the Lausanne School of Economic Thought (the Mathematic side of the Marginalist School) is very well represented in his work, but also in many papers regarding his ideas and theories, papers full of mathematic formulas and operations (see Montesano, 2006).

The Italian scientist considers this term as a good and more significant replacement for the well-known *utility*. Furthermore, another member of the Marginalist School of Economic Thought, but of Mathematic and Statistic formation, the American Irving Fisher, at his turn, proposed to use another substitute for "utility" the term *wantability* (Fisher, 1918).

Thus, this last term, introduced and sustained by Irving Fisher (1918) and to be debated by the economic scientific community if it is sufficiently coined to serve notice to readers.

Here it is a very sensitive aspect for the economic science and not only: particularly in Economics, it is important to select a suitable terminology. Speaking about the Marginalist School of Economic Thought, we meet specific terms such as "final degree of utility" in Jevons' theory, "marginal efficiency" in the American economist J. B. Clark works, "rareté" by Leon Walras and "ofelimità" by Pareto.

BUT, as Fisher has affirmed and the economic and day-by-day practice has confirmed, it is no general substitute for the economic institution of "utility". In fact, this concept was introduced by Jeremy Bentham in his utilitarian philosophy, designating the satisfaction for a person, satisfaction felt after using or consuming economic goods or services.

## 2. Methodology

This one consists of *the analysis* of the Pareto's concepts in social and economic fields, *the survey* of the literature in the domain and, from all these information to indicate, to *synthesize*, if the term ophelimity is still working and, if in the case of a positive answer, in which structural or qualitative aspect of social-economic activities this term is the most suitable. The answer is that this concept is straight linked to the human personality within social communities.

## 3. The development of social and psychological features

We try, in this paper, not only to highlight the particularities of using the term *ofelimità/ophelimity*, but also to see that getting satisfaction from the use of goods or services, people can reach the status of *happiness*. It is no clear evidence that people who get pleasure, satiety, money, even power, are in a status of happiness. Of course, we are in the presence of the Maslow Hierarchy of Needs, where the basic level (the first two rows of the pyramid) indicates that the consuming of added units in desired proportion of the goods, or even getting spiritual achievements ensure the obtaining of satisfaction and happiness.

Even the use of ordinal utility or experienced utility is not the best index of the goods consumed, but making choices (based also on experience), we can maximize the future results, results leading to such achievements ensuring the desired satisfaction and happiness (see Kahneman et al., 1997).

This is, we think, *the first materialization of the term ophelimity*. *The next materialization*, the full one according to the Paretian theory, appears when we deal with collectivities, the integration within them, and the benefits of these collectivities, that is *levels 3 and 4* of the Maslow's Hierarchy of Needs (McLeod, 2020):

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. Needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up. From the bottom of the hierarchy upwards, the needs are: physiological, safety, love and belonging, esteem, and self-actualization.

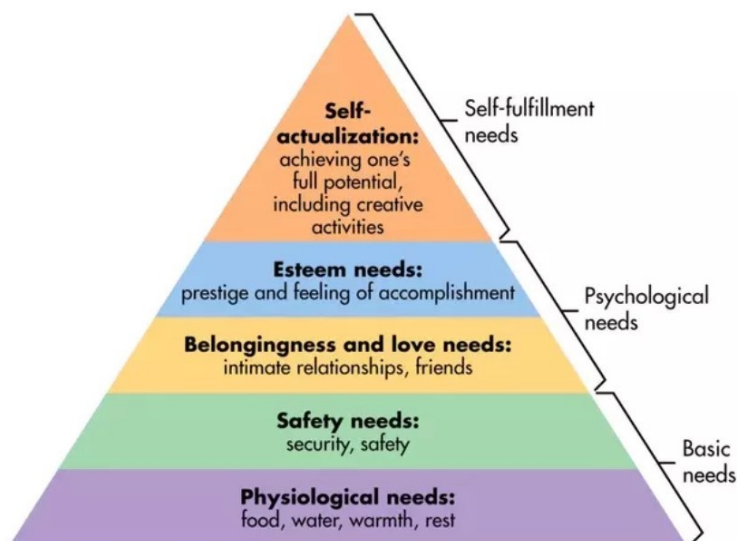


Fig. 1 – Maslow's Hierarchy of Needs

Vilfredo Pareto operates with two distinctive categories of utilities (Bordeianu & Tompea, 1999):

- a. *Economic utility*, which brings no improvements or developments in the Pareto's works. Pareto insists in sustaining that it is impossible to determine the maximum of the collective economic utility and it's about the economic maximum of utility "for" the community;
- b. *Social utility* meaning *the utility of the social collectivity*.

The two exist and are counterbalanced within the social system. Furthermore, regarding the impossibility to determine the maximum of the economic utility of a community, when it is about *the society's utility*, the system is conceived by reciprocal counterbalancing of the particular utilities and, exactly based on Pareto's opinions in this matter, *the increasing of the economic utility of a community is felt by the decrease of the economic utility of another community*. This aspect seems to be an example of what we know today as *A Zero-Sum Game*, in which the win of one side is equal with the loss of the other side.

The maximum ophelimity "for" the community is known as *Pareto's first welfare criterion*, while the maximum ophelimity of the community (sociological speaking) is known as *Pareto's second welfare criterion*. For this second aspect, Pareto sustained in 1913 that the maximum of utility/ophelimity for the collective in sociology is referring to the fact each individual may have

ophelimity not only from its own welfare, but also from the utility that attaches to the welfare of others (Silvestri & Forte, 2013).

The practice has demonstrated, between the economic optimal level and the social level there are tensions. Pareto affirmed that the economic agent does not always act on the basis of economic rationality and, due to these aspects, the economic equilibrium is difficult to be achieved and it is permanently threatened (Pareto, 2014). But, the practice in the history has proved that a *modus in rebus* exists in the relationships between the social structure and the economic structure, in such manner to ensure the progress of the entire society.

## Conclusions

The term *ofelimità* is a concept used by Vilfredo Pareto to designate *the economic utility*, even as an alternative to the much better known concept in economic language. The main difference considered by Pareto between the two concepts is that *ophelimity* is regarded as what is useful to an individual, not from the point of view of an observer/an outsider, but from its own point of view and his behavior is analyzed by the observers.

Considering *ofelimità/ophelimity* as a concept/feature more closely related to human complex system, we have to insist in the necessity of reaching and fulfilling the desired goals no matter the nature of the goals) for happiness. In this respect, we think that it is necessary to emphasize/strengthen the importance of some economic institutions in the daily life, such as *the utility*, even using a variety of it, or a form closely related to it, such as *ofelimità/ophelimity*.

As a general remark, Vilfredo Pareto achieved important things both in the economic sociology domains, combining the two essential existential plans. Pareto's influence on the economic theory is very profound. He was the first to sustain the importance of *ordinal utility* and to make it a systemic part of the theory, in which he included also the classification of commodities into substitutes and complements.

Because we saw the interconnection and pursuit of obtaining the optimal between social and economic domains, as many other analysts of Pareto's works, we may say that the Italian scientist must be considered as a social-economist preoccupied by the functionality of communities from economic and social points of view, not a bifurcation into Pareto “the sociologist” and Pareto “the economist”.

*The Paretian economic optimum* has inspired economic policies that aimed at the wellbeing of human collectivities, but also has influenced the

economic theory, any reference to the *General Equilibrium Theory* having to take into account Vilfredo Pareto's first order contribution in the field.

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