

## REGIONAL ECONOMY. TENDENCIES AND PERSPECTIVES

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*The strategic planning starts with the analysis of the current condition and the summary of tendencies (trends) and causes that led to this state.*

*Today's status of global economy is very exciting in itself. Continuing the ongoing investigations (studies) and summarizing the initial preliminary results of the second part of the research (studies), I suggest considering these emerging trends. (The results of the first part of the study: formation of the "politological pyramid"<sup>1</sup> were published in the article*

*POLITICAL IDEA AND INVESTMENTS SAFETY; <http://general.journals.cz/documents/Vol2/Untitled1.pdf>; Journal: <http://general.journals.cz/>).*

The well known statement presenting no debate is that the economic platform and the political system are tightly linked together and influence each other. We can easily see this in the historical development of our society (namely, the development of human society in general). Therefore, based on the outlook and the analysis of the results of the second part of the investigations (study), let us summarize the general view of the current situation.

Firstly, the formation of the "politological pyramid"<sup>1</sup> shows the discrepancy between the existing economic platform and the political system, although the "politological pyramid"<sup>1</sup> places greater emphasis on the political analysis of the system. It is highlighted when representing the political system in the chosen politological coordinate system, where "x" axis contains a government forms scale or a variety of government administrative systems (based on possible degrees of democracy freedom, from dictatorship to anarchy), and "y" represents the ideological variety (ideologies from liberalism to communism, according to the advocated ratio of individual freedom and liabilities). So here we primarily see the uncertainties in the political system, but because the political system and the economic platform are closely related and form a single system, the differences (uncertainties) in the political system significantly influence the economic platform, as well. With these discrepancies, anyone feels the discomfort, without even understanding their nature, assumptions or underlying reasons. This leads to confusion, riots and other ambiguous forms of protest. We can see this recently all over the world: protests, strikes, riots, civil disturbances in wealthy Arab countries, a wave of

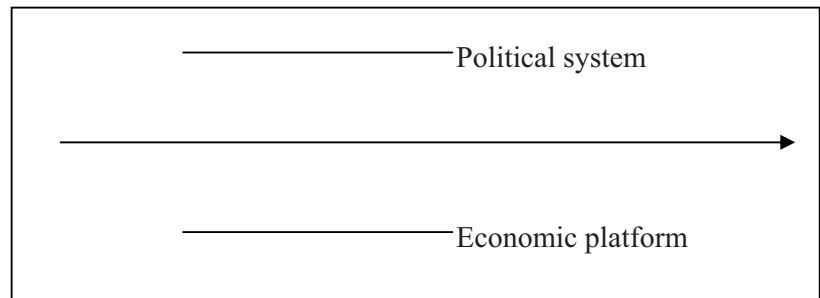


Fig.1

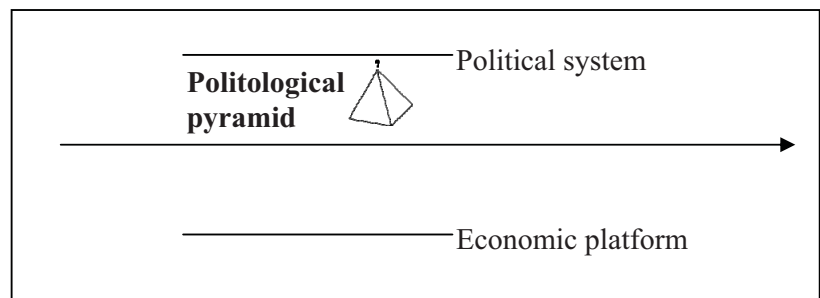


Fig.2

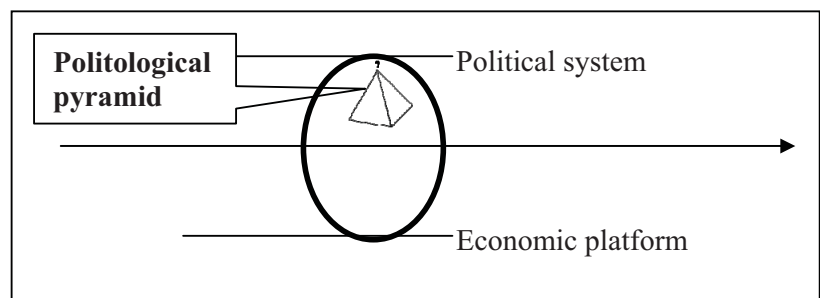


Fig.3

protests in Europe and USA, extremist violence (Norway, 2011-07-22), etc.

For the sake of clarity, let us graphically represent this formation of the political system and economic platform. First, let us display the positions of the political system and economic platform in relation to the chosen axis (Fig. 1).

In this representation, the "politological pyramid"<sup>1</sup> should be represented above the chosen axis because, as was mentioned, it is mostly

focused on the analysis of the political system (Fig. 2).

By combining the arrangement of the political system and economic platform into a single unit, we get the following diagram (proposed) (Fig. 3).

Such an arrangement of the system gives us a representation to the prospective analysis (by analysing the perspective as a continuation of the existing trends of the situation in the future).

<sup>1</sup> article POLITICAL IDEA AND INVESTMENTS SAFETY <http://general.journals.cz/documents/Vol2/Untitled1.pdf>; Žurnalas :<http://general.journals.cz/>

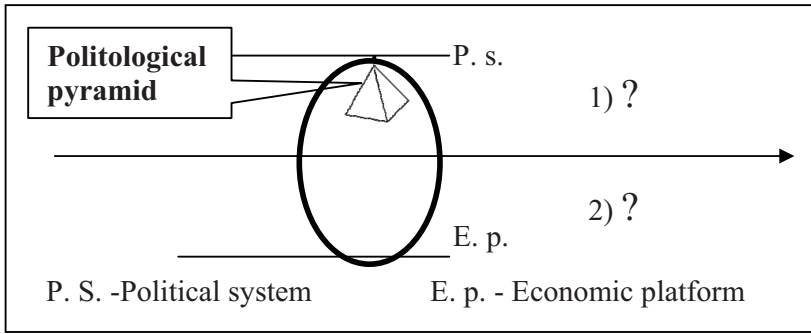


Fig.4

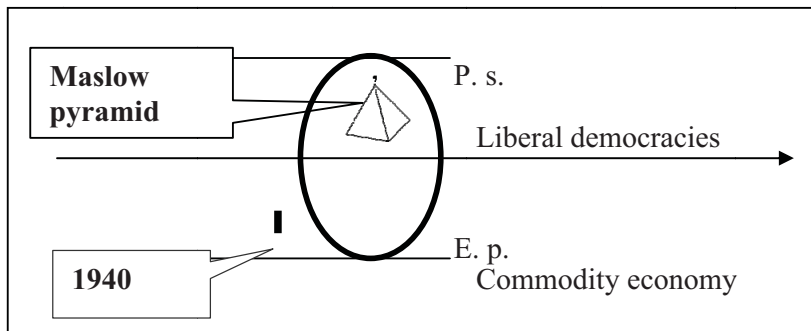


Fig.5

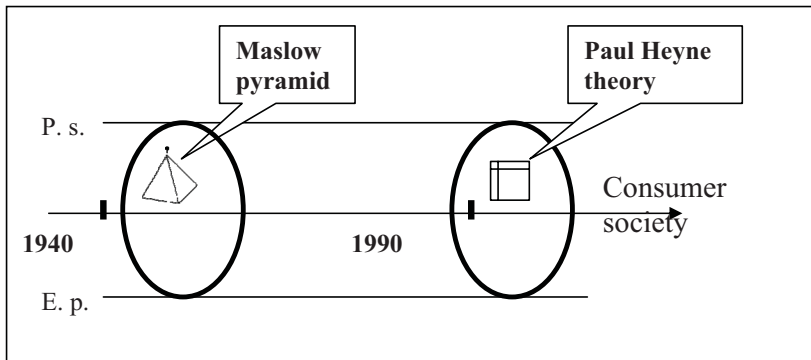


Fig.6

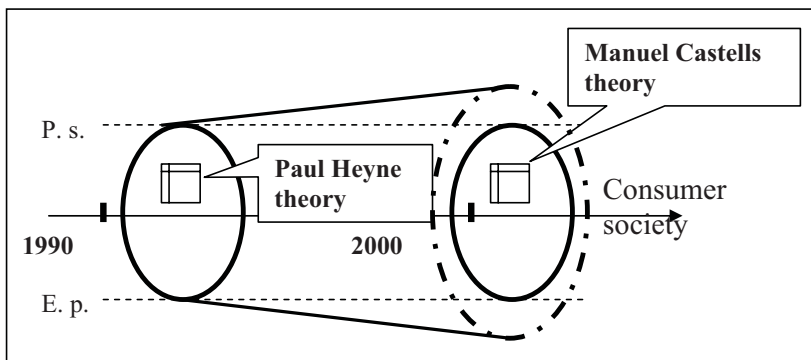


Fig.7

However, when discussing the current situation, we should first ask two questions.

First – What is happening in the political arena?

Second – what is happening in the economic platform?

Fig. 4 shows the representation of the questions 1) and 2), respectively.

Therefore, to summarize the action

taken at this stage, we chose the general formation system of the political system and economic platform based on which we can continue the analysis and visual representation of the trends, and by extending them into the future, predict possible changes in the system with sufficient reliability...

However, in order to make it possible to examine the trends, let us have a look at the recent past. The year 1943 – the year when Abraham Maslow published his famous treatise of psychology, in which he described the pyramid of the individual’s needs, known as “Maslow pyramid” until today. Assumptions for the formation, analysis, description and publishing of this theory were generated by the rapidly evolving global economy and stagnant political system and, as a consequence, emerging global social unrest (the Second World War is also likely to be attributed to social outcomes). This, in general case, means the discrepancy between the current economic platform and the existing political system. In this way, the developing economy quickly focuses on the marketable economic benchmarks utilising the analysis of individual’s needs and emphasising the abstractions of the product, as fulfilling the individual needs. Meanwhile, the political system, adaptive to this type of economy, becomes filled with, and rapidly populated with liberal democracies of various kinds. Since this political system is fully justified and even promotes the commodity economy (commercial economy), it accelerates technical progress and production.

We will represent this situation in a similar picture as before, in the following scheme shown in Fig. 5.

Further analysis should require the combination of these two figures, but first of all, one should briefly discuss the development of the situation presented in Figure 5 over time. Therefore, until today, the commodity economy (trade economy) accompanied by the liberal democratic political system, shaped and encouraged the emergence of the consumer society.

All this is perfectly systematised and presented in a summarised theoretical level by Paul Heyne and co-authors in the treatise “*The economic way of think-*

ing” (first edition in 1991, too published in different countries and different languages and until today). As we see, half a century has passed. We represent it schematically in Fig. 6.

Two great theories corresponding to the pace of time are driving the entire world community as well as certain parts of it to consume more and more with inexorable force. The marketing theory perfectly adjustable to psychological encouragement of the individual is raised to the scientific level because it corresponds to the spirit of the times. Certainly, lots of books and theories on the subject are written, although the key moment has already been captured, but one still needs to discuss every detail, every nuance and etc.

However, soon the world sees Manuel Castells’ book *The information age: Economy, Society and Culture*. The first part of a trilogy is published in 2000 and is called *Information Society*. (Manuel Castells; „The information age: Economy, Society and Culture“; Cambridge, MA; Oxford, UK: Blackwell; 2000 – 2004). Although this work is actually not in conflict with earlier theories and their trends, but one can see certain nuances that depart from the developed abstract theories applied in practice. It also describes and analyzes such newly observed tendencies as multinational corporations, the banking system expansion, and freedom of information flows, financial flows versatility... These are actually completely new trends for the consumer society, which by the initial conditions is dominated by the individual and his needs.

If we represent this situation analogous to the previous ones, we will have an interesting chart, see Fig. 7:

Why it is so interesting? Well that appears that the newly observed properties and trends no longer fit into this well analysed and established framework. The people say, “Time does not stand still...”, no matter what you do or what you think. One has nothing but agree with it. All this leads us to the idea that both the economy and the political system are evolving towards the next step. We can only build up our existing intellectual potential and think of how to better understand the situation and prepare for tomorrow’s challenges. If so, by representing the trends

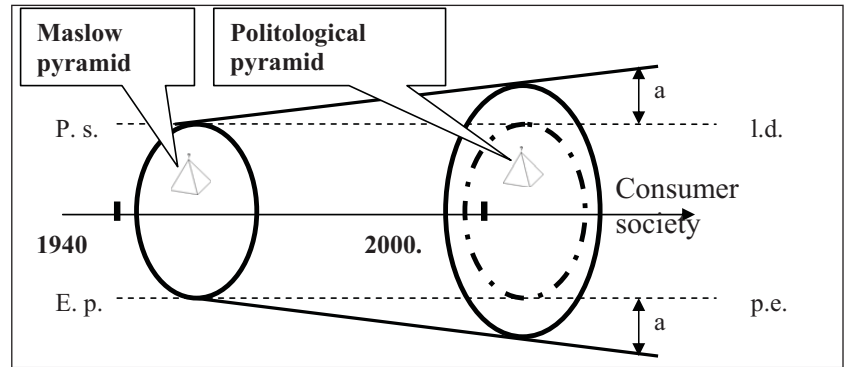


Fig.8

on the time axis both in the economic platform, and in the political system, we cannot draw a parallel to the time axis, as we did in the previous figure (Fig. 6) by representing the relationship between the Maslow pyramid and Heyne Polo’s analytical theory. Meanwhile, the current diagram (Fig. 7) shows this in dotted lines, while the real development trend is reflected in simple lines connecting the considered situations.

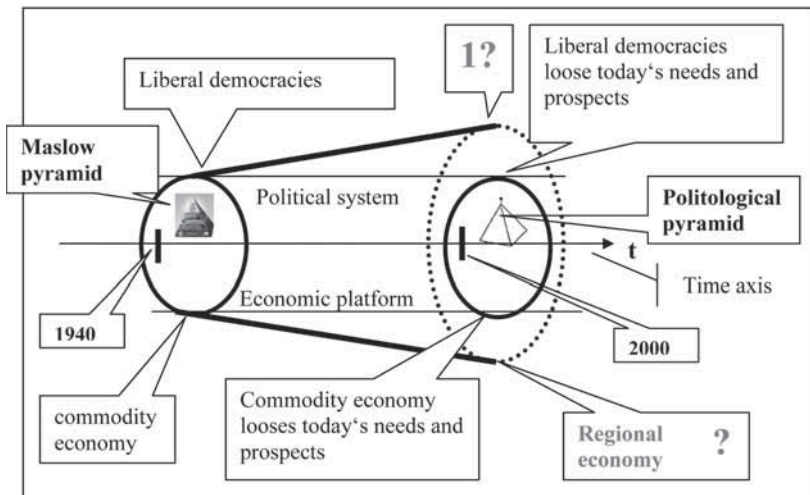
And what now? How did our consumer society found itself in today’s situation? What is the situation today? We are returning again to the idea about the need to consolidate these situations depicted in Figures 4 and Fig. 5, however, considering the discussed nuances. Remembering what has been stated previously, we should pay attention that the formation of the “politological pyramid” [1] became evident when analysing the information from 2000 to 2005 year and extending the emerging trends into the future. To make it easier to navigate, on the time axis we will mark the year of the first disclosure of this pyramid, i.e. 2007. In addition, let us consider the discussed the growth and development trends, both in the economic platform, and the political system. In this way, we get the image in Fig. 8:

Both the formation of the Maslow pyramid and the “politological pyramid’s” emergence shows the internal social contradictions of the time standing out, in particular, in the political system, therefore in all the pictures, both of these pyramids are shown above the time axis, in the political system area, because, as already mentioned, both of them are formed by analyzing the details of the dimension of the political system. These discrepancies to the times to the needs are marked in Fig. 8 with the letter “a”

and area visible not only in the political system area, but also in the economic platform. The symmetry of the figures represented in the systems (combining the economic platform and political system) in terms of the chosen axis is maintained in accordance with the main conclusion of Einstein’s theory of relativity  $E=mc^2$  assuming this formula as a natural harmony formula existing also in the social sphere and economy. The forward can clearly see in this representation of today’s condition (Fig. 8) that the commodity economy (trade economy) based on the Maslow pyramid (p.e.) exists to this day. This pyramid also highlights the political system of liberal democracies (I.d.) that no longer meets today’s needs and perspectives, that is, no longer is what it should be. As we can see, the real situation is displayed by using a simple line to connect the systems both in the political system area and the area of economic platform. Meanwhile, the situation that is attempted to retain and motivate, is represented in this figure with the dotted line: liberal democracies (I.d.) in the political system area and the commodity economy (trade economy) (p.e.) in the economic platform area.

Thus, step by step, we created an image of the current situation and discussed the trends and reasons that have led us to this state. Basically, the whole situation can be displayed in a single picture, in Figure 9:

As already mentioned at the beginning, with more detail and analysis of our scheme we can now move to the next, the strategic planning step, and find answers to the two questions raised in the illustration. However, I am not claiming to be an infallible with my concerns expressed here, so I encourage everyone to join our intellectual potential and **to mobilize the available**



**Fig.9**

**resources** for a general discussion and consultation on the suitability and practical implications of the proposed approach, on its readability and visual clarity, or simply articulating their views and proposals **for the common goal...**

Only in this way, within friendly consultation and in discussion with love, it is possible to jointly find the optimal solution in this difficult situation. As can be expressly seen (Fig. 9), the current situation of the liberal democracy politics and commodity economy (trade economy) in today's world no longer meets today's needs and perspectives displayed in the time axis "t". It is therefore should be concluded that changes are needed both in the political system area and in the economic platform area. In broader terms, the economic platform is probably evidencing the first steps in examining and testing the practical application of the regional economy. Why there is a question mark next to "2?" Here we have the regional economic concept, but so far we have analysed only very few aspects of it, to unequivocally conclude that this is our viable option. It is therefore the question mark next to it in the area of economic platform, meanwhile, I have little to say about the question mark next to "1?" although life has given me an opportunity to contemplate the political life not only theoretically, but also in practice, taking part in the activities of political parties and knowing this activity and its political nuances from the inside. It was probably the factor that led to these investigations and studies. However, by recognizing that the eco-

nomical platform is a foundation and the political system is its superstructure, and upon making the first steps in the research of the political system area through the application of the complex method of analysis, I had to descend to the analysis of the economic platform area.

So, I invite everyone to the open and constructive debate...

**P. S.:** This, current situation analysis, let us make these conclusions: the today's crisis, still now called "financial", is deeper and more systemic. At the moment the talks concerning the entire world embracing crisis can be heard very frequently. The payments and financial flows jam and fall behind schedule; thus, it should be logical to refer to this crisis as a financial one. Looking from a global perspective and discussing the situation with highly rated economists from different countries leaves the impression that productive capacity of the modern-day world can satisfy the needs of all the humanity. The basic question concerns the delivery of goods and payment. Global financial network was created (I would restrain myself from the comments on its quality), but the infrastructure and ideas of logistics or delivery is obviously old-fashioned. Consequently, it is obvious that problems can be seen not only in the financial sphere. Economics textbooks maintain that crisis appear in economics due to overproduction. Most likely this idea should be approved since money and finance are not more than just the means of trade and the equivalent. Consequently, the problems can be obvi-

ously detected not only in the financial field, but also in logistics; and together these spheres form the system of worldly goods redistribution. From all this, we can only confirm conclude, that this crisis only superficially can be called a financial one and is much deeper and more relevant in the sense of social processes is more than obvious. However, if this is the case of true, the additional injections to the existing global financial system, as well as all widely used anti-crisis plans, are only superficial and short-term remedies having no impact on the future.

More widely about these conclusions you can read here: article "Investment Planning" (Journal on Legal and Economic Issues of Central Europe; Volume II; Issue 3; October 2011; p. 14-17)

[http://www.sts-science.co.uk/sts/journal\\_on\\_legal\\_and\\_economic\\_issues\\_of\\_central\\_eu.html](http://www.sts-science.co.uk/sts/journal_on_legal_and_economic_issues_of_central_eu.html)

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7. More widely about needs in analysis apply the methodology of "complex analysis", for better understanding current situation you can read here: article "Why the complex analysis method?" ( <http://gisap.eu/node/9478> )