

Civilization Pyramid Transformation: From Economy of Consumption to Social, Cultural and Environmental Priorities

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ABSTRACT

Paper proposed classifications of the economy upgrade types, described instruments to shape up spirituality as opposed to global economic dominants. Results of the studies based on the innovation development of the countries of the world, on the knowledge economics index, ratings of the countries in terms of the global creativity index. Hypotheses in the framework of the modernization theory, systemic upgrade areas, priorities and prospects were laid down. Principles of the consumption economy transformation are proposed, taking into account the environmental burden.

Keywords: demand spurring, consumption, socio-cultural development peculiarities, anthropogenic load, family values, ethical finances

Journal of Economic Literature (JEL) Classification: O57

1. INTRODUCTION

A personality creativity is affected by the socio-cultural background. The culture tolerant to the entrepreneurship venture is a prerequisite of the productive behaviour of the economic person. Commercialization of the scientific research is a visible result of the creativity. For example, the Chinese culture of imitation dates back to the depth of the Chinese civilization – to the III century AD. The European civilization, Russia, must retain the leading role in the industrial knowledge generation, in the innovations, including – the manufacture of the prototype which may be mass-produced in China.

The new normality is determined by numerous factors, including the population aging and increased life expectancy which enhances consumption.

The world has become a global market place and all types of business, management and economics career are now one of the popular jobs among new graduates from many high schools, colleges and universities. It is a job that requires the skills in mathematics, English, good personality, and basic business knowledge. Nowadays, the demand in businesses employees has increased due to global market place.

2. LITERATURE REVIEW

In our opinion, assertions like the following one are disputable: "Key areas resulting in the innovative economy are democratization of both the society and the business, political and cultural upgrade, rise of the public upbringing and education. It is common knowledge that the democratic capital results from a long-term accumulation of the 'civil and public assets', its high level means a low probability of authoritarianism thus indirectly affecting the economic growth. Hereby, in a democracy the democratic capital exerts a stronger positive impact than in authoritarian regimes" (Loskutova M.V., 2011). M. V. Snegovaya and Ye.G. Yasin also note that "innovations and discoveries are created by free people and freedom is ensured by democracy... and the lower the freedom degree, the higher the requirements to the creative capabilities of the person are" (YasinYe.G., Snegovaya M.V. 2009). **It appears that forced specimens of the Western democracy in the recent years demonstrate not only economic growth in a number of countries but also are destructive in nature.** Of interest are the research level of democratization in the countries with the contours of the green economy, ecological farming.

By the way, current studies demonstrate most unusual prerequisites for the democracies' efficiency. Thus, according to the data of the comparative social research laboratory of the Higher School of Economics Research Institution, based on the data of the daily consumption of proteins, fats and carbohydrates and the state of democracy published by the FAO and Freedom House reports covering 157 countries, the political regime depends on the feeding preferences: the Western democracies stem from a special "European diet": people from democratic countries consume twice as much animal protein as the people from autocratic countries (45 g per person per day vs. 24 g per person per day)³. A number of studies have revealed the correlation between the dominating agricultural crop and socio-political regime of the country; examples are provided that Chinese students from "wheat" regions of China are oriented at the democratic values whereas students from "rice" regions are more collectivistically-minded.

The scientific literature provides the analysis of the correlation between the economic growth and a country's dominating religion (O.Yu. Patlasov, S.S Kairdenov); between religion, freedom, economic results, trust and corruption (Lawrence Harrison); between GDR growth rates and world civilizations (Christian, Islamic, Oriental religious, national religious (V. G. Kandalintsev). Professor Lawrence Harrison, Director of the Cultural Change Institute of the School of Law and Diplomacy, Tufts University, provides results of the analysis of 117 countries in which over 1 million persons practise one of the world religions (Table 1).

Table 1. Correlation between Religion, Freedom, Corruption and GDP

Religion*	Population**	Total Freedom***	Per capita GDP	Corruption
Protestantism	530	2.3	\$29784	14.9
Judaism	6	4	\$19320	16
Catholicism	904	5.5	\$9358	45.6
Orthodoxy	262	8.6	\$7045	75.7
Islam	1122	9.7	\$3142	78.6

*- over 50% of the population practise this religion

** - in million people; data of the 2002 world bank report.

***- 2 — the highest degree of freedom, 14 — the lowest degree of freedom (data of the freedom house 2001 review)

The per-capita GDP was evaluated by the purchasing power parity.

Source: <http://www.opec.ru/1295413.html>

In the USA, having 40 % of the Nobel Prize winners Protestants make up 57 %, Roman Catholics – 28 %, Hebrews – 2 %. As far as the Jews are concerned, the statistics looks as follows: at the total number in the world making up 13 million persons (0.2 % of the world population) one Nobel Prize winner of five (20%) is a Jew. By factor 100 larger than the world average figure (Table 2). The scholars conclude that the countries' economic and scientific development depends on the religion practised in the country. Protestants and Hebrews attain a lot higher results in economy and science than Catholics, Orthodox Christians and Moslems.

Table 2. Correlation of the Nobel Prize Winners' Number and Predominant Religion

Predominant Religion	% of the Nobel Prize Winners	Population, million people	% of the Nobel Prize Winners/ million people
Protestantism	77	530	0.145
Catholicism	13.4	904	0.0148
Orthodoxy	2.7	262	0.010
Islam	0.7	1122	0.0006
Judaism (Израиль)	0.7	6	0.117
Jews (all countries)	20	13	1.54

Source: V.M.Tyutyunnik. http://www.nobel-centre.ru/PDF/Inp_sinv.pdf

At first sight, it is possible to make the conclusion that the higher the freedom level in the country is, the higher the standard of living and the lower the corruption is. Direct correlation between the level of freedom and the religion practised by the majority of people: the lower the religion practise level, the higher the freedom degree. In our opinion, if we consider Gini coefficient demonstrating the population income-based stratification, then in the religions with the highest corruption index the coefficient is lower which is an evidence of the fairest income distribution in the society.

The mechanics of the civilization pyramid change is started up from the basics – necessities, interests and knowledge of the human being – and touches the top – spiritual values, religious postulates, socio-political system and ideological dogmas. Technological mode of production and economic paradigm are also updated in parallel; special attention from the ecological imperative of agricultural activities. In the scientific literature crest-like shape of the civilization life cycle is not denied, besides, naturally, – the movement of stand-alone elements by the cycle phases, including crisis, with the overall stable development trajectory.

Spiritual world means culture, religion, morals and ethical norms, education. Civilization stability is attained through the conservatism of religions and the surviving socio-cultural values of certain ethnoses and the titular nation.

3. METHODOLOGY

As the hypothesis, the idea of the transformation of the world social pattern towards a creative society with the growing centrifugal forces of globalization and anti-globalists is proposed. Due to the fact that a creative person cannot work efficiently within the “corporate aquariums”, an employer, to realize the potential must provide flexible employment patterns, these are: absence of a rigid work regulation: the staff personal mobility (gadgets, the Internet bit rate). A prerequisite for the generation of the beneficial creative environment is a developed institutional infrastructure based on which grant for various research works are distributed, projects in this particular area are implemented, cultural traditions are developed, cultural activities are held, different associations and groups to support and enhance creative initiative are established. To ensure successful functioning of the institutional infrastructure and creative environment in general sufficient financing and corruption-free society is required which will secure a creative person’s ability to find a place in the society for the implementation of his creative potential. Otherwise there is a risk of the country’s loss of skilled persons to other areas, more beneficial in this aspect.

How does the ecological and creative economy relate? In order to improve the environmental situation, it is important to synthesize socio-economic opportunities, environmental and economic policies and environmental thinking. According to the law of ecology, economic system can develop only through the use of environmental material, energy and information resources. Economic growth is not possible without the consumption of biosphere resources. Exceeding environmental thresholds is already associated with a violation of biosphere equilibrium. Polluting technologies are more cost-effective in the context of neoliberals. Transnational corporations actively sponsor “climate skeptics” and journalists who argue that there climate does not change, and therefore it is not advisable to spend money on reducing carbon dioxide emissions (Ushakov & Kharchenko, 2017). As a hypothesis we have to verify that creative economy growth is not accompanied by a decreasing of natural resources consumption.

An important condition promoting the increase of the creative sector share in the economy is the presence of the creative environment providing the development of the creative personality and generation of the new ideas. It is important that the creative environment be tolerant, flexible, capable of adoption of the people regardless of their life views, values, religion, race and sexual orientation (Patlasov O.Yu., Zharov Ye.K., 2016).

Study of the contradiction between the progress line towards creativity and tolerance as the prerequisite diminishing the role of both socio-cultural identity and religious values also needs extra arguments. Is the economy transformation feasible in a number of Asian countries solely based on the democratic model of modernization or, based on the socio-cultural background, only one way of the economy transformation is possible: authoritarian power mobilizing all the resources needed?

One of the blocks of the crisis phenomena growth in the world scale is the world financial crisis of 2008-2010 which retained its boundaries. The problems’ focus is the existing consumption system. Marketing effort now does not enable pro-rata consumption volume growth and production growth, respectively. Besides the economic growth is known to be impossible without borrowings. The

crediting system is capable of confusing the markets, involving actually insolvent persons who just wish to purchase a commodity or service into the circle of consumers. However, the lending and re-lending scales are approaching extinction, default crisis and economics faces the “What-to-do” and “How-to-spur-the-demand” problems.

Undoubtedly, the debt structure substantially differs in different countries. Thus, the changes of the debts on the key debtors in the USA — households, state agencies, corporations and banks – is provided. The debt reduction took place only with the banks related to mortgage – as a result of the 2007 problems, however, all these debts passed to the banks, related with the state. The debts of the households (about US\$ 13.5 bn) and municipal agencies virtually have not changed. Corporations have somewhat increased their debt: the US government has the largest debt growth with a substantial state budget deficit. In 2014 liabilities of the USA reached US\$ 30 trillion.

Table 3 Changes in the USA Debt Structure, US\$ million

Years	2005	2007	2009	2010	2012	2013	2014	growth%
Total	41 489	50 107	52 193	52 333	55 053	56 681	58 716	41,5
Non-Financial Sector	27 180	31 904	34 471	35 619	38 423	39 767	41 417	52,4
Households	11 721	13 832	13 560	13 231	13 060	13 169	13 497	15,1
Corporations	5 269	6 337	6 151	6 013	6 720	7 120	7 569	43,7
Non-Corporate Business	2 898	3 775	3 985	3 951	4 069	4 184	4 404	52,0
Government	4 702	5 122	7 805	9 386	11 594	12 353	13 020	176,9
States and lower	2 590	2 838	2 968	3 038	2 980	2 941	2 928	13,0
Financial Sector	12 958	16 207	15 716	14 456	13 802	13 948	14 161	9,3
State Banks	2 592	2 910	2 707	6 435	6 093	6 200	6 265	141,7
Mortgage Banks	3 549	4 464	5 377	1 140	1 437	1 569	1 645	-53,6
ABS Owners	3 395	4 517	3 292	2 236	1 769	1 481	1 381	-59,3
Financial Companies	1 109	1 280	1 044	1 281	1 205	1 209	1 236	11,5
Holdings	482	711	1 254	1 237	1 416	1 403	1 394	189,4
Others	1 832	2 325	2 042	2 128	1 882	2 086	2 240	22,2
Miscellaneous	1 351	1 997	2 007	2 259	2 828	2 966	3 138	132,2
State Share, %	27,08	25,68	29,67	40,35	42,68	43,15	43,17	59,4

Source: US Households have Increased Debts to US\$ 16,000). 14.12.2016. Access mode: <https://www.federalreserve.gov/releases/Z1/current/data.htm>

It is noteworthy that in the US household debt structure the expensive borrowing method – credit cards – dominate. Currently, the average interest rate on the credit cards is 18.76 %, and an average family pays in total \$1292 pa. as the interest on the credit cards. The average level of the US households debt on the credit cards in 2016 amounted to \$16,061 – the figure slightly smaller than the maximum marked in 2008, as per the new NerdWallet report based on the data of the Federal Reserve Bank of New York and the US Bureau of Census. The total household debt, including mortgage credits, increased to \$132,529 compared with \$88,063 in 2002 when NerdWallet started tracing the data (American Households More and More Increase the Debt Volume and the Income

Growth Lags Behind It, – CNBC Reports)// EPA/JOERGCARSTENSEN. - Access Mode: <http://www.vestifinance.ru/articles/78912>).

In June 2016 in Turkey the household debt to GDP ratio is 21.1 % with the 2020 forecast of 36 %.



Fig. 1 Turkey - Household Debt to GDP Ratio – Forecast

As of September 1, 2016, the scope of the credits granted by Russian banks to the natural persons amounted to RUR 10 trillion 676.3 billion, hereby the amount of credits granted to people in roubles exceeds that of the foreign-exchange credits by factor 54. Overdue debt on the natural persons' credits by September 1 amounted to RUR 921.2 bn; relative to the total scope of the credits granted by September 1, 2016 made 8.6% (Bank of Russia: Overdue Credits of Natural Persons Is Increasing 19.09.2016 – Access mode: <http://www.vestifinance.ru/articles/75156>).

The population of China to a smaller degree acts as the principal borrower – the share of household debts in the GDP to the total debt ratio grew from 18% in 2003 to 36% in 2014, simultaneously, the government debt grew from 36% to 58%, corporate debt grew from 109% in 2003 to 160% in 2016. Financial institutions' debt – from 9 to 18% (2003-2014) (Nikolayev, 2016).

The world financial crisis was the background of the appeal to ethical banking (conditional, Islamic, Orthodox Christian) and creation of the responsible crediting system. Responsible lending is linked to full and open information of the banking products, adequate evaluation of the borrower's solvency as a prerequisite of making a considerate decision by the bank client.

The European Commission provides the following definition of the responsible lending: Responsible lending means that credit products are appropriate for consumers' needs and are tailored to their ability to repay. This may be obtained through having an appropriate framework in place to ensure that all lenders and intermediaries act in a fair, honest and professional manner, before, during and after the lending transaction. Responsible borrowing implies that – in order to obtain a credit – consumers should provide relevant, complete and accurate information on their financial conditions, and are encouraged to make informed and sustainable borrowing decisions (European Commission. 2009. URL: http://www.eurofinas.org/uploads/documents/policies/consultation_en.pdf).

In Russia responsible lending principles could be supplemented by economic methods of restricting super-high effective interest rates, hidden commissions. Brief economic review of the usury demonstrates that it was business for foreigners in Russia; in 1013 Vladimir Monomakh in a dedicated decree limited the maximum rate by 20 % pa.; in the Criminal Code of the Russian Empire (1903) usury was defined as a crime and the interest rate over 12% pa. was considered excessive.

Responsible lending principles should be included directly into Basel IV and national laws, in the Russian Federation these are:

Federal law dated December 2, 1990. No. 395-I "On Banks and Banking Activities" (as amended on July 03, 2016 No. 362-FZ);

"On Microfinancing Activities and Microfinancing Institutions" dated July 02, 2010 No.151-FZ (revision dated June 29, 2015);

"On Consumer Credit (Loan)" dated December 21, 2013 No. 353-FZ (Revision dated July 21, 2014). The latest revision of the Law No. 353 contains amendments concerning the conditions of the credit agreement execution close in the spirit to the responsible lending.

This article was not intended to compare debt stability in different countries, the USA, Russia, Turkey, etc. via debt structure analysis, duration, breakdown by the payment period and investors, interest rates etc. All we state is that in the world scale it is impossible, as before, to spur the demand at the expense of consumer credits.

The institute of family also found itself under the pressure of the interests of large cross-national corporations and retail networks. To a smaller degree the problems of wedlock are manifested in the countries of Asia, Africa and Latin America; the Moslem world is in for the family traditions.

Logics and our studies show that single persons on average buy more household appliances, consume more public utilities per 1 person as compared to married persons, though, on certain positions, like baby food, baby clothes, toys, entertainment parks etc. extra demand is ensured by families with children.

As the hypothesis we tested the following: is there direct interest of the manufacturers and retail networks in the sales boost at the expense of the change of the consumer structures towards single persons. Is the family institute in this connection endangered by the information wars and liberal Western values which in the recent time intensively promote asexual behaviour not related to religiousness which, according to some data, is recorded with 1 % of the planet population adhering to the idea of Platonic love, biosex (love to plants, dendrophily) and other forms destroying the traditional family values.

To say nothing of the fact that the family creation may be impeded by the non-harmonized demographic structure of the population as, for example, in China, when the gender disproportion is manifested as over 20 million "excessive" males and sharp deficiency of brides.

Here are the results of certain consumption segments. Thus, according to RBC study "Russian Market of Men's Perfumes 2016" an expected result was obtained which demonstrates the increase of the average expenses on perfumes as the respondents' personal income grows: a respondent

with the income of RUR 21–30 k spends on perfume products on average RUR 1,435 whereas a respondent with RUR 75 k plus income – nearly twice as much. It is noteworthy that the average expenses of the respondents having no children of their own exceed the respective indicator for the respondents with children by more than a quarter. A similar situation is also observed in terms of the family status of the respondents: single men on average spend more on men's perfume than married ones. This phenomenon is due to the fact that respondents with the family of their own quite often spend on their personal needs somewhat less than single men, preferring investments into family needs (Family Men Spend on Perfumes Less Than Single Ones).

Apart from the marketing component of the traditional marriages, the situation is complicated by the economic effect of the same-sex marriages. According to the Businessweek (Esmé E. Deprez) the marriage equality in New York alone will result in the growth of the state economy by US\$ 100 m per annum, both directly, due to the marriage registration, and indirectly, as a result of gay-tourism, wedding ceremony arrangement and creation of new jobs (Esmé E. Deprez, 2011). Though currently the effect may not be significant because 14 more states, i.e., all the USA, have legalized same-sex marriages. Starting from June 26, 2015 same-sex marriages are possible in Alabama, Arkansas, Georgia, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Nebraska, North and South Dakota, Ohio, Tennessee and Texas. At this territory about 70,000 homosexual couples reside. In other states local governments allowed same-sex marriages even earlier: in 2003 Massachusetts was the first state to acknowledge homosexual wedlock unions, the last one was unincorporated and organized territory of the USA Guam (June 5, 2015) (They May Go Anywhere // Same-Sex Marriage Registration is Allowed at the Entire Territory of the USA)–Access Mode: <https://lenta.ru/articles/2015/06/27/heygays>).

The share of non-family Europeans exceeds 40%, thus for the commodity producers and retail networks singletons are high-income and top-priority clients. Though singletons may be classified as a special group of buyers only in some segments: travel industry, restaurants and cafes, casinos and clubs, cars and Smartphone, complex household appliances etc. Single clients have a special consumption style, urge to exclusiveness, market-novelty products, single-portion package products, i.e., a specific approach to the product selection, adherence to brands supporting his life style and a certain tendency to irrational expenses. Therefore, commercials of all the premium brands appeals to individualism. It is possible to speak of the information war against traditional family values

Surprisingly, but business lunches and breakfasts in the cafes, supply of half-products in the stores as well as complex household appliances like microwave ovens, dishwashers, food processors, washing machines, vacuum cleaners etc. which make the traditional female work easier enable men's long-term going without his soul mate.

Advertising impact and marketing technologies adjust the buyers' behaviour up to the overcoming of the reluctance to buy the goods and services at the expense of conversion marketing technologies.

Buyer Behaviour Model includes:

1. Marketing and advertising impact (marketing complex).
2. Economic, political, cultural, social, scientific and engineering stimulants.

3. Buyer behaviour and psychology and his purchase decision-making process.
4. User responses (selection of the commodity, brand, supplier, purchase time etc.). The Table 4 provides differences in the product positioning.

Table 4. Differences in the Positioning of “Family” and “Individual” Products

Comparison Categories	“Family” Positioning Product	“Individual” Positioning Product
Message	Care, warmth, softness, confidence	Individual approach, assuredness, egotism, luxury
Package	Size, most often – large	Stylish package, small volume, often each commodity unit is packed individually (for example, biscuits, candies). Materials used, for example, special paper
Promotion channel	Conventional: TV, outdoor advertisement	Internet, glamour and business editions, presentations, show-room etc.
Price	Average, compared with the products of the same commodity category	Higher than the products of the same commodity category
Promotion	Buyer mass conglomeration locations: from stand-alone retail outlets to megamarkets	Boutiques, exclusive salons
Consumption Structure	Periodic, economically targeted	Spontaneous, episodic
Purchase motivation	Large-size package + “X% free”, discounts, sales, taste tests, large-scale promo-activities	Customized commodities, limited series, exclusiveness

Source: Agayeva, M., 2008. Home Alone: Why Russian Business Ignores Non-Family Buyers. Sales business. 05.03.2008

4. CONCLUSIONS

The Western civilization morally degrades, changes the criteria of deviations from the normal situation and the migrant influx is not assimilated in the liberal melting pot. Contrary to the pursuit of the material values of the West and spiritual perfection of the Orient, Russian traditions are based on the sense of moderation. The market ideology, civil society and rule-of-law state must not be the inspiring national idea in the countries desiring to preserve their national identities. Russian civilization is based on the measure, family values, laboriousness, honesty, braveness, faithfulness, truth, conscience; the Russian world must be based on cooperation, collegiality, collective husbandry forms, and social responsibility of the business. Accounting for the historic and cultural context is becoming an important factor in the selection of the economic and socio-political model of the state system.

Theories of moral economy (A.V. Chayanov, E.P. Thompson, John P. Powelson), moral or spiritual economy (A.M. Minyaylo, Simchera V.M., Lvov D.S.) are enjoying new demand in the scientific literature as a response to the domination of the neoliberal economic model in the developed countries. Consumption economy should be transformed based on the principles of socially-responsible investments, ethical banking (conventional, Orthodox Christian, Islamic financing and insurance) and the ratios of anthropogenic impact on nature. Cultural values, collective actions, networking and communication are crucial factors in the innovative economy. In the Asian and African countries, based on the accounting of the socio-cultural values sustainable development is also attainable, especially against the background of the retaining organic links of the real economy sector and virtual superstructure without large-scale financial bubbles.

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