



## **How can competitiveness and sustainability be preserved? Multi-speed economics around the globe.**

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### **Introduction**

The organizational principle that moves the societies of the world took 2 forms in the twentieth century. The capitalist and socialist social and economic framework. In this paper, I use the priorities contained in Joseph Schumpeter's book published in 1942 to characterize the two economic frameworks. I am also looking for answers to his questions. I am trying to unfold the ideas he raises. I was born in Hungary, which at that time was still in the sphere of interest of the former Soviet Union. In 1990 there was a democratic change in Eastern Europe, through which I also became familiar with the market-driven, profit-oriented economy.

### **I. Principles and formation of capitalism. Economic implications.**

The roots of capitalism (production-economic category) can be traced back to the English bourgeois revolution and the subsequent industrial revolution in Europe.

The natural treasures of the world of that time were discovered 500 years ago. At the same time, in addition to a technological explosion, consumption demand also increased. Europe's population also grew as medieval epidemics receded.

The driving force of production became the market and market demand. So the *driving force is at the bottom* of society. At the level of individuals. The economic scope for individuals is wide. "The market is above everything". This phrase has dominated the minds of working people and companies for 400 years.

The stock market was also developed so that an average person could actively participate in the market with their invested money.

Capitalism meant the emergence of the capitalist elite. The established regulatory principles are not reminiscent of the world of the Grail Knights. Keywords:

- profit maximization
- reduction of production costs
- increasing sales of specific products

The economic potential of an individual is determined by at what point and how actively he can participate in the production process. The economic potential of a country is also determined by how active it is in the common (now called global) production process.

**Positive effect:** an effective system organizing force that satisfies the benefits and provides money to the population in the form of paid wages.

**Negative impact:** competition depersonalizes, individuals and families distance themselves from each other, community perception decreases

The division of labour between institutions results in welfare pluralism.

## **I/A. On the economics of capitalism**

### **1. Market demand**

We arrive at this concept by having to understand the consumer. The consumer spends his money in such a way as to get the maximum benefit from the purchase. This is a natural need. From the seller's point of view, the demand of all consumers is the actual market demand. The higher this value, the greater the company's revenue will be.

Prices, revenues, and free competition can be characterized by the laws of mathematics.

The Marshall Cross means: supply and demand function in a coordinate system. It gives the equilibrium price when supply and demand are equal.

I am talking about it because consumer behaviour can therefore be characterized and modelled by a function. Consumer behaviour of individuals, communities, societies and complex societies can also be characterized.

### **2. Total emissions and performance**

To use the analogy (Schumpeter), although it is true that Queen Elizabeth had silk stockings, the achievement will be that it will take less effort to have silk stockings for the women working in the factory. Products should always be available to everyone.

The evolution of production is generated by technical progress. Development engineers in factories are always coming up with new products that are desirable for customers (e.g. the spread of mobile phones).

The engine of development is industrial enterprises. And old technologies and products end up in the trash.

Performance indicators are products manufactured and sold per unit of time.

I read earlier in which 100 years ago an American Indian chief said, "The white man is a bit of a fool, he always wants something." Well, so are consumers all over the world. They also want something every day. Something new, more, more beautiful. This drives companies to produce and owners to maximize profits.

Capitalism is evolution, a method of economic change (Schumpeter), generated, as I said, by technological progress.

### **3. About monopolies**

A monopoly market means that there are few or no companies. There are no competitors and no one else is able to enter the market. It is also accepted that monopoly restrictions go a long way towards the stability of national economies.

Today, in 2024, in the world of globalization, it has become fashionable to talk about the economic elites who determine the world economy. In my view, they are needed, in the background they are the engines of economies in their personality. However, it is also important that elites are attractive and not unattainable. Be able to be among them. They should not be a completely closed community. It should also be possible for a child born into an average family to achieve such a position. If someone used to be only a "wheel" in a car, he could even become an "engine" with outstanding performance. This principle can increase competition and performance in universities and the corporate sector, both of which point towards GDP growth.

### **4. Is capitalism sustainable?**

This is a structure that has been operating for 400 years. Rather, it is necessary to deal with the principles and regulations that will help keep the system running in response to new challenges.

Protected patents and long-term contracts are important – don't leave the company for the client.

It is also true that continuous production sometimes produces crisis situations. They need to be treated. To help consumption and stimulate production. Expand trade relations. It will also not be a problem that an African consumer will be up to date on what Asian consumers are doing.

The exchange of information can also be facilitated by show business, international music and film, and the fashion industry.

The personal competences of the economic elite are important.

## **II. The principles and formation of socialism.Economic implications.**

The theoretical foundations of socialism were laid by Marx and Engels.As a result, in 1917 it was implemented in the Soviet Union and later in China as the successor of Russia.(China has been continuously capitalizing its economy since 1980, switching to a market-type economy – large corporations and significant private ownership appeared).It became the *Soviet model*.Currency: rubles and yuan.Its creation was facilitated by the famine at the beginning of the century, which required a central, definite and regulated distribution of wealth.

The essence of the structure is a regulated market, a system of planning orders in production.The absorption power of the market is estimated.The system is moved by the guides,**the motive force comes from above**.The economic room for manoeuvre of individuals is narrow.

The established rural farmers' cooperative-KOLHOS system became a peculiar structure:

- large-scale public land
- reduction of private property
- specific settlement structure: central settlements with many inhabitants, i.e. the farmer does not live on his land

It is quite obvious that, from an economic point of view, this agricultural model starts from a disadvantage: the time and cost of transport are start-up disadvantages.In addition, the worker does not feel ownership of the finished agricultural product, which worsens work ethic.

Over time, KOLHOS adopted the "grab and take home" approach in Eastern Europe by the end of the twentieth century.

**Positive effect:**the role of the community becomes more important (especially during major crises), community functions are active, and in the short term (since the driving force is people) the structure may be capable of outstanding or outstanding performances.

- high social mobility is possible per stage

### **Negative impact:**

- often non-cost-effective decisions in production processes
- international competitiveness may slow down
- the individual money market is shrinking
- technology innovation processes may slow down over several decades

There is no capital and anti-profit, but there is considerable state intervention.

## **II/A. On the economics of socialism**

### **1. Economic laws are the same**

The path of access to products is different.

The economy was characterized by a system of planning orders.Production values according to expected consumption were given over periods of 5 years.

But rational production can be compromised in many cases.I myself have read that in Hungary, for example, bakers did not deliver bread on the most economical route already in the 1950s.Cost rationalisation has not always been a priority.

In the long run, this may have led to a slowdown in production and a decrease in consumer demand.This could lead to a decline in GDP.

The individual then assumes less economic responsibility (Schumpeter).The role of the state is becoming more important vis-à-vis the individual.

### **2. Is socialism sustainable?**

This is a structure that has been in operation for 100 years.The charisma of the leading and controlling social stratum sustains the structure.Thus, sustainability also depends on the person.

The personal competencies of the leading elite stratum are important.Also competencies in economics.

## **III. The emergence of democracy and its economic consequences**

The modern democratic state was established in the USA in the late 1700s, but its traditions date back to ancient Greek and Roman democracies. This became the *American model*. Money. Dollar. It is characterized by a renewable market: an increase in production and consumption with constantly renewing economic agents.

Democracy is not an economic category, but *demos*-the rule of the people. It highlights the processes according to which the self-regulating role of the market is a system organizing principle.

**Positive impact:** outstanding individual and company stories, economic success stories, high mobility

**Negative impact:** alienating, competing communities

The health system is not uniform, not always accessible to all, everywhere

#### **IV. War of the Worlds in the Economy. The consequences of globalization.**

The capitalist path is based on the individual and individual achievement: the individual is the problem solver. Money is managed by the individual.

From a financial market perspective, an individual's financial savings are important. The question is, how disciplined is the average consumer for his own economic destiny? It is imposed by the market or if it is not some authoritarian structure. One thing is certain: the basis of wealth formation wherever you live on Earth is financial saving.

The socialist way is based on collective production and consumption: the community is the problem solver. Money is managed by the state.

The engine under capitalism is the market from below, in socialism the leading personalities from above. However, in what prospects can they be productive and ensure sustainable development?

The unification of planet Earth: all economic processes are interconnected. This is a consequence of the occupying processes of capitalism and socialism. They have fully filled their space by 2024.

Contentious issues in economics led to conflicts, trade wars.

#### **V. Solutions**

Is there an alternative to free-competition or planned economy markets? Will they survive in the longer term?

The key word here is **optimism**. A settlement principle is needed to manage conflicts, but already at the level of science and experts.

It is important to keep good practices, to carry them on, and to reject bad ones. Thus, homogenization is necessary so that, based on indicators of economics, economies everywhere are characterized by sustainable development. But heterogenization is also necessary, because it is often not immediately clear which will be "good economic practice". Innovation needs space. And for a while.

--It is important to legalize the ownership of managers, political career programs are needed so that experts are not under pressure and professional and economic decisions can be made

--It is important to regulate production and consumption uniformly (customs rules, production quota system, etc.)

--It is important to help slower achievers. There are slower performing individuals, companies, countries, continents. We are all sitting in Noah's Ark and our ship is common.

#### **1. Multi-speed economics around the globe**

Countries from different social backgrounds have different performance potential. This is quite natural. The important thing is that everyone still finds their own place in it. Every country should have its economic success stories and sectors. Failure to do so leads to conflict.

Every national economy should be expected to do as much as can be expected of it.

#### **2. Common solutions in today's health and economic crisis.**

I believe in common solutions.

As I said, I highlight the uniform regulation of production and consumption (customs rules, production quota system)

The current situation is well suited for the capitalist structure to make use of positive socialist elements (the economics of the communal approach).

Socialist, on the other hand, uses positive capitalist elements (GDP needs to grow at an accelerated pace).

### **3. The economics of the family today**

The virus attacked the basic unit of production and the economy, families. Depending on age, people reacted differently to the virus. There are more dead people among the elderly, who have weaker immune systems. This has had a serious economic consequence. *In many countries, in classical families, the economic decision was still made by the elderly.* By dying, those who survive will only be able to make less good and effective economic decisions in the coming years. Here, unfortunately, I have to highlight Italy, because in Europe the virus has hit the elderly very hard there and there are classic large families there. There is a huge responsibility of economists. It must present a solution to this situation that can mean survival for all families, both physically and economically.

Within the family, women were under enormous pressure. They had to be both a mother, a child's educator and an employee. Unfortunately, there has been an increase in physical abuse and sexual abuse of women around the world within families and in the workplace. At the same time, unfortunately, the budgets of families increased and health care costs increased, which also shrugged off women's shoulders. Being locked up and not moving has also changed people's personalities, unable to live their previous rhythm of life. There's a lot more behavioral deviance. The helping power of local communities is very important in this situation: the role of social groups of settlements, NGOs, women's organisations, churches.

### **4. Ecological aspects.**

The planet cannot be exploited to the extreme. Taking ecological considerations into account is a brake. Economic development must not lead to changes in the natural and climate-environment.

Sir David Frederick Attenborough:

"If we take care of nature, nature will take care of us."

"We are already leaving a truly global mark."

## **CONCLUSION**

The problem is that social mobility and economic indicators move together. In my view, greater mobility is also boosting the market. It increases supply and demand in the longer term. In advanced democracies, social mobility in an election cycle is up to 60%, but as I said, although it boosts the economy (there is a lot of potential for change and innovation), it alienates people, families and communities. Single people, single-parent families consume more!

The goal is common: to maximize individual benefit. Individual achievement can be supported by career programmes, e.g. helping children of low-educated parents progress in universities. This, too, will result in an increase in economic indicators, albeit with a longer payback period.

Professional career = career in economics, in all subsystems of society.

However, it must be recognised that not everyone is capable of the same performance: outstanding economic indicators require good education, good healthcare, a good food industry, among others. The field in this race may be divergent and some may decide to perform with less speed for these reasons. Because their society can't take any more.

This is not good news. Therefore, experts should strive for economic homogenization. The aim is not to increase the number of those lagging behind, but to promote sustainable development everywhere.

The responsibility of experts is enormous.

In my view, they are a new and very important engine of this current economic world. They will never be the elite, but their work is important to go to the economic machine. They can frame the machine.

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