

## NON-ECONOMIC FACTORS OF ECONOMICS: MORAL, ETHICAL AND SPIRITUAL SYSTEM OF VALUES

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### Abstract

*The authors of this article highlight the problem of decline of moral and ethical values and carry out analysis to prove that, on the one hand, it affects the economy and, on the other hand, is one of the reasons causing economic crisis. One of the outstanding and new aspects of this article is the methods of evaluation of the moral state of society according to the public morality (spiritual and physical health) index suggested by the authors. An integrated index consists of 10 equivalent indicators reflecting demographic characteristics which are of particular relevance for Lithuania upon accession to the EU, the social and economic situation in the country and the spiritual well-being of society as affected by this situation, also public security and efficiency of state governance as well as the link of the government with the public.*

**Keywords:** system of moral, ethical and spiritual values; decline of cultural, moral and ethical values; public spiritual and physical health index; quality of life of population.

### 1. Introduction

During the period of 20 years of its independence, Lithuania has made some achievements in the sphere of economics and quality of life, however, ambiguous tendencies may currently be observed in the system of cultural, moral and ethical and spiritual values. The absolute propaganda of the material and financial aspect in the global economic doctrine of the 20<sup>th</sup>-21<sup>st</sup> centuries prompted a global decline in the cultural, moral and ethical and spiritual values. It became evident that the models of absolutisation of private capital contradict the ideas of social justice, destroy traditional ethics and morality and turn a human being into a slave to money, disregarding his personality.

Diffusion of accepted moral norms is taking place in the consciousness of society – the boundary between good and evil is disappearing. Individual pragmatism, cynicism and focus on personal advantage are becoming increasingly widespread. The cult of brutality, violence is being formed among young people, aggression is viewed as a value which numbs the feelings of compassion, humanity. Psychologists, sociologists and representatives of the Church claim that negative principles of morality and ethics are continuously becoming more prominent at all levels of society, which influences behaviour in society at large and behaviour in family. The main cause of depression, alcohol abuse, drug addiction, the increasing crime and suicide rate in Lithuania is spiritual void, the loss of the meaning of life and obscure moral and

ethical values. This is the price for consumer ideology, the cult of material success, lack of spirituality and loss of ideals.

Culture is an economic concept. It is responsible for quality in general and for the quality of human resources in particular. Culture shapes spiritual immunity. Currently, business is fighting against the real culture turning it into the entertainment business. Morality is a highly important criterion, economic and political regulator which materialises itself in culture. In Lithuania, attention needs to be attached to eternal cultural values. Lithuania needs to accomplish a vital task of restoring an all-embracing culture, not only material, but also spiritual valuables. It is only in this way that the country will be able to overcome corruption, to raise the ethical standards of civil servants, business ethics as well as to enhance the effectiveness of economic policy.

Irrespective of the promising economic growth and other positive economic trends which were observed prior to the crisis, the current social and economic situation of Lithuania is deeply worrying. Particular concern is raised by the downturn of moral and ethical values of society and depressive condition of the majority of the population.

At the end of the 20<sup>th</sup> century and at the beginning of the 21<sup>st</sup> century, Lithuanian society, while involved in dramatic market reforms, constantly experienced moral discomfort and the lack of not just social, economic and political, but rather moral, ethical and spiritual values and exemplary behaviour. This is particularly visible in the thinking of Lithuanian politicians and businessmen, their speeches and conduct – separation from moral values and guiding principles, which are being superseded with such concepts as profit, economic growth, inflation and budget deficits. Scientists noted that the formidable social price which was paid for market reforms also includes a casual attitude towards moral, ethical and spiritual values.

## **2. Crisis of the system of moral and ethical values and their significance to economics**

The recent global economic crisis has been considered by many prominent world economists (2008 Nobel Prize winner, Professor at Princeton University (USA) Paul Krugman; Professor at the University of Geneva (Switzerland) and founder of the World Economic Forum in Davos Klaus Schwab; Nobel Prize winner, former Vice President of the World Bank and Professor at Columbia University Joseph Stiglitz; famous US economist and sociologist, Professor at Harvard University Lester Thurow; Jeffrey Sachs, economic advisor to former president Bill Clinton; world famous financier George Soros; renowned Polish economist Grzegorz Kolodko, and others) as a crisis which happened, first of all, in ‘people’s minds’, when a clear decline in the moral and ethical values affected the economic behaviour of people as well as economic development.

The current crisis is primarily the crisis of the system of values and outlook. Economy is not merely a sphere of material interests and immoral economy is not economy at all, because it destroys instead of creating (Gylys, 2008a). There are plenty of examples to prove it: widespread poverty, soul-destroying cult of consumption and ecological crisis. All these are the results of spiritless management and egoistic economic benefit pursued at all costs.

The main cause of the crisis is the collapse of moral economic motives and disappearance of the ultimate economic goal, namely the creation of a harmonious and fair society. Economy cannot be effective if it is created disregarding the principles of social justice and responsibility. Serious transformation of the entire social and economic model is necessary to successfully overcome the global crisis, with the emphasis put on social justice and taking into consideration the interests of society as a whole.

In overcoming a crisis, it is necessary to realise that such economy needs to be created in which the actual material goods are proportionate to the physical, spiritual and intellectual efforts put in. The strategy has to be created by professionals. For many years we have been assured that at the basis of economy is the

capital, the means of production, theories and technologies. However, the crisis denied those postulates. The basis of economy is a human being. The present and future of economy depends on the mind, intellect and moral stand of human being. When money loses touch with work and when rich countries keep getting richer while the poor become even poorer, sooner or later the economy has to face a crisis. An economic system based only on seeking profit, indifference towards human being and the moral and ethical norms is unstable and may collapse at any time, burying people's lives under the rubble. Immoral economy is ineffective, but also unable to last and posing threats. After the collapse of the 20<sup>th</sup> century ideologies – fascism, communism and liberalism, people, including politicians, started to attach more importance to the abandoned values the abandonment of which resulted in world wars and bloody political conflicts. Those values are Christian human values. **It became obvious that economic progress is unable to fix bad habits. On the contrary, moral decline can ruin any economy**'.

Those phenomena are also present in Lithuania. The deranged system of values is evidenced by the loss of self-identification of personality, the crisis of the family, devaluation of education and professional skills as well as culture<sup>1</sup>.

*First of all*, the crisis of self-identification of personality means that the dispersion of the accepted moral norms is taking place in the consciousness of a human being and society, as a result of such diffusion, the line between the good and evil is vanishing. Individual pragmatism, cynicism and focus on self-benefit are becoming more widespread. Statements like 'being rich means being intelligent', 'take everything you can from life' (without giving anything back), 'I'm worth it', 'being a good person is not a profession', etc. all point out that the main goal in life is consumption and not professional growth or inner spiritual development of personality. The cult of brutality and violence is growing among the youth and aggression is viewed as a positive characteristic which numbs the feelings of compassion. Such values as kindness, humanity, decency, intelligence and mutual assistance are declining and disappearing. Under such conditions, a young person is disturbed and puzzled about the meaning of life and the path to follow or the 'direction to live in', and loses the guidelines in life.

Psychologists, sociologists and church representatives claim that the negative moral and ethical principles have grown stronger in all the layers of society. That has influenced the behaviour of society at large and behaviour in the family. The main cause of depression, alcoholism, drug addiction, increasing crime rates and suicides in Lithuania is the spiritual void, the loss of the meaning of life and obscure moral and ethical values. This is the price for the absolutisation of consumer ideology, the cult of material success and loss of noble human ideals.

*Secondly*, the crisis of moral and ethical values also influences people's behaviour in the family. The institution of the family is undergoing major changes, moving towards destabilisation: divorce rates are growing, family ties are getting weaker, families are becoming more varied and the number of single-parent families is increasing. The lack of external and internal potential for a rapidly changing family to adapt to new market conditions and challenges is one of the gravest contemporary and future social and economic problems.

As indicated by the analysis carried out by the authors and sociological research, the demographic characteristics of the Lithuanian family have changed significantly: features characteristic of a traditional family have decreased, whereas features of a modern family have grown stronger. Marriage rates have dropped substantially, marriages are postponed until later age in life; the number of cohabitating couples and single parent-families is growing, as is the number of single persons who have never been married and

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<sup>1</sup> Identity is linked to an individual's perception of what is meaningful to him. Personal identity (self-awareness) ensures the individuality of each person.

children born out of wedlock. As a result, the birth rate has decreased dramatically and is currently one of the lowest in Europe.

The research indicates that the main problems of demographic changes are problems relating to the purchase of a home, finding employment and insufficient income. However, younger generations are increasingly more concerned with the changes of cultural environment and values: the decreasing value of marriage, growing recognition of new, non-institutional forms of family, the importance of self-expression, evasion of obligations and responsibility, reluctance to have children, weakening communication and cooperation between generations with clear signs of alienation and hostility.

*Thirdly*, the prestige of an educated human being, a professional, a scientist, an intellectual is decreasing in Lithuania, which directly affects the economy. Education and professionalism in Lithuania are not the levers of professional career and material and social status. The priority is given to primitive artfulness, fawning, ties with authorities, belonging to the ruling political party and the power of money.

Despite a relatively high level of education of the labour force in Lithuania, it is only formal, since part of the labour force is never used because the professional qualifications held by persons fail to meet the changing requirements of the labour market. Not only professionals with high-level professional qualifications and skills are becoming scarce in Lithuania, but also professionals with basic skills; there is a growing shortage of persons who are able to work well and know their job. A new phenomenon which developed during the period of market economy: the total shortage of people knowing their job well. The result of such a situation is a vice characteristic of our times, namely self-styled professionals, who themselves decided and believe they can and know how to do somebody else's job. Every area of activity is full of such self-styled professionals and amateurs. The underlying reason is the lack of people's motivation to become masters of their trade, to strive to reach the highest professional level in their job, because this is not necessary and valued on the market. The criteria are as follows: one has to be able to sell himself on the market and be able to compete. The global phenomenon when uneducated people with low levels of professional qualifications become millionaires also proves itself in Lithuania. A novel phenomenon of the 'new Lithuanian' has emerged in Lithuania, which describes a rich person without manners who is only concerned with money and making profit.

A low prestige of a specialist, professional, scientist is reflected also in the economic performance of the country. When decisions are taken by non-professionals, half-professionals, i.e., servants who are 'illiterate', non-competent, of poor erudition and mediocre level of culture, the decisions taken in any field will be ill-founded, unfair, inadequate and ineffective. Lack of professionalism, a low intellectual potential, a large number of individuals holding only a formal education does not enhance the economic efficiency of the country.

When money is made 'in virtual space, while sitting at the computer' and playing the stock market, when money is created by itself ('out of air'), when it is not based on any real values – manufacturing of goods and provision of services; when there is no need for investment, it is not necessary to erect plants, establish enterprises, there is no need for any business plans, programmes, strategies, there is no need for any management and market research for getting millions, then why should one study, seek to gain professional knowledge, high qualification? It suffices to know well how to operate a computer, which every school student is capable of doing, and gain basic knowledge of computer English. As experience shows, computer literacy, knowledge of English and possession of the driver's licence often act in Lithuania as a substitute for some professional knowledge.

In the opinion of the authors, the main reason for emigration from Lithuania is devaluation of professionals. This is confirmed by research data: among the population holding a higher education diploma, those willing to leave abroad for work account for 60-75 per cent. The loss of the highly qualified workforce

is reducing the intellectual and innovations potential of the country, which is the most competitive. Experts estimate that Lithuania is losing a large number of highly qualified workers and in particular scientists. Some sectors of the economy are already experiencing the shortage of specialists with high and the highest levels of qualification, which should be primarily linked with their inability to realise their potential in Lithuania due to poor possibilities of professional self-expression.

Without culture, there is no morality in society. Without morality, there are no high-level professionals. Morality is a highly important criterion, a regulator in the economy and politics. Without basic morality, economic and social laws are not effective, instructions are not complied with, education, science and art cannot exist. A low level of culture and morality determines the increase in crime rate, invalidates the efforts made in the economy, public life and politics.

In the age of sudden changes and new reality, the role of a human being in the economy is becoming of crucial importance. The world's scientists focus on the human being. The attempts to understand spiritual, social and political relationships and their impact on the economy were widespread around the world in the 1950s and 1960s, with the rise of the view that it would suffice for an underdeveloped country to switch to market economy and the rule of law and it would immediately come near to advanced countries according to its level of economic development. This turned out to be an illusion. In fact, some countries made progress, but not all, because many other factors were needed to achieve success.

These ideas were revived in around 1990. It was believed that transition of society to the market economy was the result of liberalisation, privatisation and stabilisation, with everything else happening by itself. However, it became clear that it is not so easy. Unpreparedness of people for such changes was the principal cause of failures in developing a civilised market and an effective owner bringing benefit not only for businesses, but also for the entire economy of the country.

It was gradually understood that the market institutions, order and methods existing worldwide, though being rational and fair, if applied in the countries which are newcomers in the market economy, are distorted and degenerate into dangerous consequences unless they are harmonised with the spiritual condition of society and its genetic code and mentality.

Evidently enough, political changes affect the economy, and, in its own turn, the economy affects politics. However, determination of direct and inverse links with changes in administration and state governance, the state of science, education and culture, the system of moral values of society is a much more challenging task. Nevertheless, market reform failures are often due to a failure to take account of these phenomena.

Some official economists and political scientists are sceptical and contemptuous towards the fact that an analysis of the country's economic and social condition must necessarily have regard to such concepts as patriotism, national culture, religion, national idea, and the moral and ethical state of society. In their opinion, the current globalisation process is approaching the time when an human being may not identify himself with a specific state, a nation, its mentality. It looks like a person is becoming a citizen of the world. This idea is often based on the experience of the EU. On the other hand, the growing national self-consciousness, the feeling of national dignity, respect for national values, establishment of the national identity are clearly observed in the unified Europe. Nobody is considering the suppression of such tendencies. For instance, the USA, too, fosters patriotism by all possible means.

Economy is affected not only by the spiritual condition of society, the system of moral and ethical values, but also by such factors as the spiritual upswing and energy of the nation. The upswing enables the nation to develop a better awareness of the meaning of life (the Lithuanian Revival of 1990), to aspire for an improved life, to think about the future. Vice versa, absolute hopelessness depresses the nation and, as shown by sociological surveys, causes disappointment and lowers expectations, which affects the economy.

The feeling of social justice, social and personal security, the feeling that one 'is not left to his fate' is also of crucial importance in this case. Lately people have felt as if they have been left to their fate; they see that the country's system of government is not efficient and that the government does not care about people. The consequence is despair, apathy, oppressive mood. Work is losing its meaning (when the wage rate and pensions are reduced), the willingness to work better and more productively is disappearing. That is why the phenomenon of basketball is so strong in Lithuania and compensates for these negative emotions.

The spiritual life of a human being is described not only by social and spiritual conditions. Of utmost importance is the system of his spiritual values, attitude to life (optimistic or pessimistic), to his future, his belief in good. Of no less importance are such issues as aspiration for knowledge, interest in culture, moral and ethical norms, the feeling of duty, solidarity and tolerance, love of nature, sense of beauty, respect for work. What effect does it all have on the economy?

Scientists became interested in such a paradox. In 1960, the statistics showed a substantial similarity between Ghana and South Korea according to economic indicators. These countries had a roughly identical GDP per capita, a similar structure of branches of the economy and subsisted on raw material exports. Structural assistance provided to both countries was similar too. However, after 30 years the level of development of both countries was considerably different. South Korea has become an industry giant, has established transnational corporations, has begun to export cars, electronic and high-technology products and brought its GDP on par with Greece, while ranking 14<sup>th</sup> among the countries of the world. In Ghana, nothing similar to this has happened: GDP per capita amounted to as little as 1/5 of South Korea's GDP. Scientists (S. Hanington and others) explained this phenomenon primarily by cultural differences and features of human resources. For instance, Koreans highly value their national traditions, science, education, innovations, saving, rational financial investment, good organisation and discipline. The characteristics of Ghana's population are completely different.

Major discussion has been prompted by a book by Laurence Harrison "Underdevelopment as a State of Mind – The Latin American Case", in which the author claims that the state of mind of a person, a nation, a country comprised of the system of spiritual and moral values, education, abilities, civic consciousness and responsibility, together with the traditions, elements of civilisation and views perceived by this mind, determines, to a great extent, also the fate of any socium, as well as the country's economy, its ability to flourish or, on the opposite, to be destined to lag behind.

The works of renowned philosophers Fernand Braudel, Josef Schumpeter, Oswald Schpengler, Pitirim Sorokin, Arnold Toynbee, Max Weber were intended specifically for the analysis of these factors and the concept of civilisation. Today's world, which has been affected by the global crisis, is undergoing a paradigm shift. A universally valid concept of liberal economics which, according to a number of competent authors, did not prove itself is being replaced by a more integrated holistic paradigm, which covers the values of truth (science), good (religion, ethics) and beauty (art), but this paradigm is unequally manifested in the West and in the East. Moreover, the effort to arrange life according to the universal schemes established by a single nation is nothing but a road to nowhere.

In 1998, Nobel Prize winner Amartya Sen (Sen, 1999) proved in his innovatory theory of economic welfare that starvation is caused not so much by natural factors, but political errors of those in power.

Therefore, taking account of economic factors is necessary when searching for a reliable path for the future of Lithuania. Constant attention and concern must be given to Lithuania's cultural roots, because it is only a distinctive land having its own identity and self-consciousness that is dignified and respected by other countries.

The system of values of the Lithuanian nation, in which priority is given to work, diligence, respect for a well-educated and bright-minded person, nature and beauty, has played an important role in the history of

the nation. In the Soviet period, Lithuania was able to preserve its 'face' and was considered to be 'the second West'. At the beginning of market reforms (from 1990, upon restoration of independence, until 1995), the nation was experiencing a huge spiritual upswing, the revival of the nation. The powerful energy of the nation was released, which permitted, within a relatively short time period and under the conditions of a massive economic downturn (in 1992, GDP went down by 40 per cent), to achieve in 1995 an economic breakthrough and growth. Where did that power come from? It sprang from tremendous internal spiritual upswing, the feeling of being the winner. It is not accidental that this feeling is artificially maintained and fostered in most countries. Lithuania did not have to do so; this feeling arose in the consciousness of the nation and in hearts of people. The people deeply believed that their future would be bright and that life could only improve. However, the nation gradually lost that spiritual upswing and the illusion to materially improve its life. Spiritual values have been replaced with consumer values; we remember the closure of cinemas and impoverishment of museums and theatres. The nation stopped reading books. Relations between people became rather cold, indecency became a norm, for the majority of people obtaining money through whatever means became absolutely justifiable, corruption increased.

However, the public is currently feeling disappointed with such a 'freedom' offered by the market, and is becoming aware that such a fall of spiritual and moral and ethical values is leading the country to disaster, and the emigration of youth from Lithuania is clear evidence of this fact.

Even though very slowly, Lithuanians are increasingly aware of the need of traditional civilised values, and respect for the cultural heritage is growing. Representatives of the intellectual elite, intelligentsia are beginning to be aware of the necessity of work ethics, family institution, and restoration of culture. This process is slow and will last for many years or even decades unless the state takes interest in it. Unfortunately, the present-day role of the state in this field is still invisible. State institutions are not yet ready to become a moral authority, the paragon of responsibility and honesty. Therefore, Lithuania is undergoing a period of profound distrust of the government. History and current events worldwide show that in no country, no government is able to effectively exercise its power for a long time unless the nation has confidence in it and supports it.

The concept of spiritual revival must be based on the fact that Lithuania has always respected honesty, hard work, the ability to work well, the presence of mind, love of nature and one's land. Entrenchment of the ideal of spirituality, preservation of cultural and natural values, re-establishment of health relations between society and the state are of utmost importance. This would enhance the human, cultural and social capital. This fact is acknowledged by the majority of outstanding minds of the world and is considered to be the necessary precondition for a successful economic development and progress of the country.

The authors only highlighted this problem and wished to show its topicality and importance, however specific guidelines and decisions must be proposed by state government institutions with a view to putting to effective use the potential of the nation. This would uplift people, provide them with new strength. Such mobilisation of the activity of society is worthy of serious consideration and serious debate in the media.

#### **Assessment of the moral state of society: the spiritual and physical health index**

Irrespective of the promising economic growth and other positive economic trends which were observed prior to the crisis, the current social and economic situation of Lithuania is deeply worrying. Particular concern is raised by the downturn of moral and ethical values of society and depressive condition of the majority of the population. According to the number of suicides, Lithuania ranks first in Europe,<sup>2</sup> according to the index of corruption – Lithuania is on the 46<sup>th</sup> place among 178 world countries, which bears witness to degradation of public morality observed in Lithuania, or, using the concept introduced by a

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<sup>2</sup> According to the 2009 data of the World Health Organization.

globally renowned sociologist Anthony Giddens – ‘evaporation of morality’. Moral degradation is observed by the majority of scientists in a variety of fields (psychologists, sociologists, economists), it can be considered an interdisciplinary concept.

At the end of the 20<sup>th</sup> century and at the beginning of the 21<sup>st</sup> century, Lithuanian society, while involved in dramatic market reforms, constantly experienced moral discomfort and the lack of not just social, economic and political, but rather moral/ethical and spiritual values and exemplary conduct. This is particularly visible in the thinking of Lithuanian politicians and businessmen, their speeches and conduct – separation from moral values and guiding principles, which are being superseded with such concepts as profit, economic growth, inflation and budget deficits. Scientists noted that the formidable social price which was paid for market reforms also includes a casual attitude towards moral, ethical and spiritual values.

The moral downturn of contemporary Lithuanian society has gained the features of an avalanche. The moral condition of society is completely ignored. Lithuanian official economists often attribute this to the sphere of populism. This is a manner of thinking when profit is considered to be the most important, with all other issues being secondary. Such ‘economy-driven’ thinking is subjected to harsh criticism by A. Tokvilas, K. Polanji and many other well-known thinkers.

For the purpose of measuring the state of public morality and spiritual and physical health, Russian scientists have developed an integrated index, which consists of the following indicators:

- 1) Number of deaths by encroachment (murder) per 100 000 residents;
- 2) Number of children deprived of parental care per 100 000 residents;
- 3) Gini coefficient (index);
- 4) Corruption Perception Index (CPI) (Юревич, Ушаков, Цапенко, 2007).

Lithuania’s spiritual and physical health index as calculated according to this methodology amounted to 163.5 in 2008 and was lagging behind such EU Member States as Estonia (175.6), Hungary (296.6), Slovakia (305.1) and the Czech Republic (364.7). Russia’s spiritual and physical health index was equal to 101.4 points.

The authors propose to apply a different methodology for evaluation of the spiritual and physical health index in Lithuania, namely, to evaluate not only according to the aforementioned indicators reflecting public security, social situation, the degree of social and economic inequality or the level of corruption in the country, but, first and foremost, according to the indicators which are of the greatest concern:

- **demographic parameters**, such as emigration flows, natural population growth, total fertility rate, number of divorces per 1 000 residents, life expectancy at birth;

- **indicators of spiritual and physical health**: number of suicides per 100 000 residents, consumption of alcoholic drinks and psychotropic substances, number of deaths from alcohol intoxication per 100 000 residents;

- **activity of citizens and quality of democracy** in the country: active participation of citizens in elections, confidence in state government institutions, participation of citizens in public activities, etc.

In terms of measuring the spiritual and physical well-being of the population, a matter of importance is recording the indicators of personal and public security: number of deaths or injuries on roads per 100 000 residents, number of criminal acts per 100 000 residents, change in the number of misdemeanours, likelihood of death by murder and other indicators.

In Lithuania’s case, the authors propose to introduce an integrated index of public spiritual and physical health, which consists of 10 equivalent indicators (*see Table 1*) reflecting demographic characteristics which are of particular relevance for Lithuania upon accession to the EU, the social situation in the country and the spiritual well-being of society as affected by this situation, also public security and efficiency of state governance as well as the link of the government with the public.

The ideal condition of society, which even a highly advanced country could hardly achieve, is estimated at 1 000 points. Since accession to the EU, Lithuania's public spiritual and physical health index has hovered around 290-370 points, which **makes up merely 1/3 of the ideal condition.**

Even sadder is the fact that the index of public spiritual and physical health, which had been slowly increasing since 2004, sharply fell in 2010. The sudden decrease was largely determined by extreme emigration indicators, which reached the critical point – **as a result of emigration, Lithuania loses 60 residents each day. In 2010, the number of emigrants per 1 000 residents increased fourfold** (24.7, as compared with 6.6 in 2009). This bears witness to not only the consequences of the ongoing economic crisis, but also public despair and absolute frustration. Although it seems that there is nobody left to emigrate, opinion polls show that the emigration potential is still growing. According to the poll data, 29 per cent of the population would like to emigrate, and among youth this rate amounts to as much as 60 per cent. Therefore, the 'brain drain' of the working-age population is evident.

The increasing divide between the public and the government should also be attributed to particularly negative constituents of the public spiritual and physical health index. Thus, according to the latest Eurobarometer data, **confidence of Lithuanian people in the national parliament and the Government of the Republic of Lithuania is among the lowest in the EU.** The general indicator of public confidence in the institutions of parliamentary democracy in Lithuania is very low, and **such a situation has continued for quite a while.** Political experts and sociologists refer to it as a systemic, that is, affecting the entire democratic system, rather than an institutional crisis of distrust.

A comparison of the latest three terms of the Seimas permits a conclusion that confidence in the current Seimas is the lowest. It stands to reason that facing social tension, insecurity and uncertainty, the public tends to distrust everyone; hence it is especially difficult for the institutions taking unpopular and socially sensitive decisions to earn public support and approval under such circumstances. The divide between the Seimas and the public decreases and confidence begins to grow once the public is persuaded that government institutions carry out their activities in an appropriate (good quality) manner and do not abuse the powers (authorisations) conferred on them.

When analysing public confidence in the main institutions of parliamentary democracy abroad, it can be seen that in old democracies of the EU, the population places the largest trust in parliaments (average confidence amounts to 47.2 per cent), confidence in governments is somewhat smaller than in parliaments (average confidence – 41.6 per cent). The largest confidence in the parliament is observed in Denmark (74 per cent), Finland (67 per cent) and Luxembourg (64 per cent).

In the new democracies of the EU, the population has larger trust in governments, rather than parliaments (average confidence amounts to 32.9 per cent); nonetheless, the difference is not substantial – 28.1 per cent of residents have confidence in parliaments. A comparison of the confidence of residents in the institutions of parliamentary democracy in the old and the new EU Member States makes it clear that confidence in such institutions in the majority of the new EU Member States is substantially lower.

This indicator of confidence of the population in government institutions in Lithuania has already become a generally accepted norm, just as the lack of competence of the government, moral and ideological shallowness, hastily adopted 'overnight' decisions, legalisation of non-transparent transactions, which all results in the increasing economic decline in the country, enterprise bankruptcies, the shrinking purchasing power of the population, the increasing poverty and social tension.

The link between the quality of democracy and welfare has been emphasised by a number of well-known scientists (L. Morlino, A. Przeworski, F. Limongi, A. Lijphart). In the opinion of political scientists A. Przeworski and F. Limongi, welfare and economic development facilitate the entrenchment of democracy institutes. According to them, the prospects of preservation of the newly established democracy are larger if

the country is wealthier and, in addition, if it is a parliamentary democracy. Democracy is capable of promoting economic growth, controlling inflation and, in its turn, economic development reduces the risk of conflicts in relation to social inequality, weakens the impact of political alienation, polarisation and social coercion (Przeworski, Limongi, 1997). Meanwhile, the **economic downturn is posing major threats for democracy**, because the scope and depth of political support of the regime is decreasing. According to A. Przeworski, F. Limongi, M. Alvarez and J. A. Cheibub, **appropriate distribution of income is becoming a highly significant factor in consolidating democracy** (the problem of property differentiation and inequality).

The efficiency of state governance and the ability to control corruption is explicitly shown by yet another indicator – **the Corruption Perception Index (CPI)**. This is a complex indicator allowing for division of countries according to evaluation of their corruption level. The Index is determined according to opinion poll data and other experimental research. The research involves foreign and national experts, media representatives and business leaders. The CPI ranks the countries of the world according to their perception of the extent to which corruption is spread among civil servants and politicians. The CPI reflects the attitudes to corruption as collected worldwide, including those of experts residing in the countries subject to assessment.

In the 2010 CPI survey conducted by the international organisation Transparency International, Lithuania received **5 points and was given the 46<sup>th</sup> position out of 178 countries**.<sup>3</sup> In the 2010 CPI survey, the leaders were Denmark (9.3), New Zealand (9.3) and Singapore (9.3), whereas the last in the list were Afghanistan (1.4), Myanmar (1.4), Somalia (1.1). Estonia's CPI amounted to 6.5, Poland's – 5.3, Latvia's – 4.3, Belarus – 2.5, and Russia's – 2.1 points.

Although the CPI has grown by 0.1 point over the year, such a change is not of much relevance on a ten-point scale. **According to this indicator, Lithuania remains among the EU countries lagging behind**, and in the opinion of international experts, irrespectively of the strength of our legal framework in the area of anti-corruption, its implementation still poses a number of problems. Lithuanian experts claim that the country still **'lacks a targeted and comprehensive focus on anti-corruption education and prevention of corruption, which alone are capable of ensuring long-term changes in the area of anti-corruption'**.

Notwithstanding a slight, though positive post-crisis GDP change, the spiritual and physical condition of society continued to deteriorate (in 2010, the public spiritual and physical health index plunged dramatically **by as much as 21.6 per cent**).

While observing the global phenomenon of public depression, we inevitably remember the incline of the Lithuanian population towards self-harm: the number of suicides in the country remains particularly large. **Since 1993, Lithuania has been the global leader according to the number of male suicides, and it is also the first among European countries according to the number of female suicides**. Lithuania is also characterised by very **high other self-harm oriented indicators, namely, excessive use of alcohol, reckless driving**. In the country, 156.4 deaths per 100 000 residents are recorded from external causes, whereas the average rate in the EU is 42.4. Nonetheless, suicide is the primary external cause of death in Lithuania. According to data of opinion polls, mutual alienation of people, distrust of people, the feeling of despair and futility, pessimistic attitude towards the environment are listed as the reasons for commission of a suicide in Lithuania. According to data of the 2008 opinion poll, 8.9 per cent of the respondents previously planned to commit suicide.

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<sup>3</sup> The current situation is evaluated by a specific number on a ten-point scale ranging from 0 to 10, with 0 meaning an absolutely corrupt state, and 10 – a highly transparent state.

## Conclusions

1. The aim of this paper is to show the significance of moral, ethical and spiritual factors to economics. The absolute propaganda of the material and financial aspect in the official economic doctrine of the 20<sup>th</sup>-21<sup>st</sup> centuries prompted not only social-economic problems, such as decline of economic growth and the quality of life of population, but also clear tendencies of decline in cultural, moral and ethical and spiritual values. It became evident that the models of absolutisation of large private capital and radical attempts to abandon market regulation were contrary to the concepts of social justice, equality and democracy and destroyed traditional ethics and morality, turning an individual into a slave to money and disregarding his personality and personal freedom.

2. Since accession to the EU, Lithuania's public spiritual and physical health index as proposed by the authors and consisting of the indicators reflecting the demographic situation of the country, the spiritual and physical condition of the population, public security, the social situation, the degree of socio-economic inequality, active civic involvement, the effectiveness of state governance and the connection between authorities and the public, the corruption level in the country has amounted on average to 290-370 points, which means that it accounts for **as little as 1/3 of the ideal condition**. During the post-crisis period, with a gradual growth of GDP, Lithuania's public spiritual and physical health index showed a downward tendency (especially in 2010). Global research reveals that the development of economy and business is more successful given a higher level of the moral and spiritual development of the country's population and business. The economic situation directly depends on the moral and spiritual condition of a person.

The ideal condition of society, which even a highly advanced country could hardly achieve, is estimated at 1 000 points. Since accession to the EU, Lithuania's public spiritual and physical health index has hovered around 290-370 points, which **makes up merely 1/3 of the ideal condition**.

3. Although in terms of education Lithuanians are among the most educated people in Central and Eastern Europe, the statistical data from the period of 1970-2008 indicating dramatic cultural changes, confirm the decline in the system of values of the population that took place over the period of market economy. According to the authors, re-establishing the culture and system of spiritual values is the basis for economic efficiency in Lithuania. A low level of culture and morals will result in ineffective economy and economic policy. Therefore, one of the key goals of the present days, in order to achieve effective economy and sustainable economic growth, is re-establishing full-fledged high culture stressing not just material but fostering moral, ethical and spiritual values. The intellectual potential of a nation can develop and its economic efficiency and well-being increase only when the country has a solid cultural foundation.

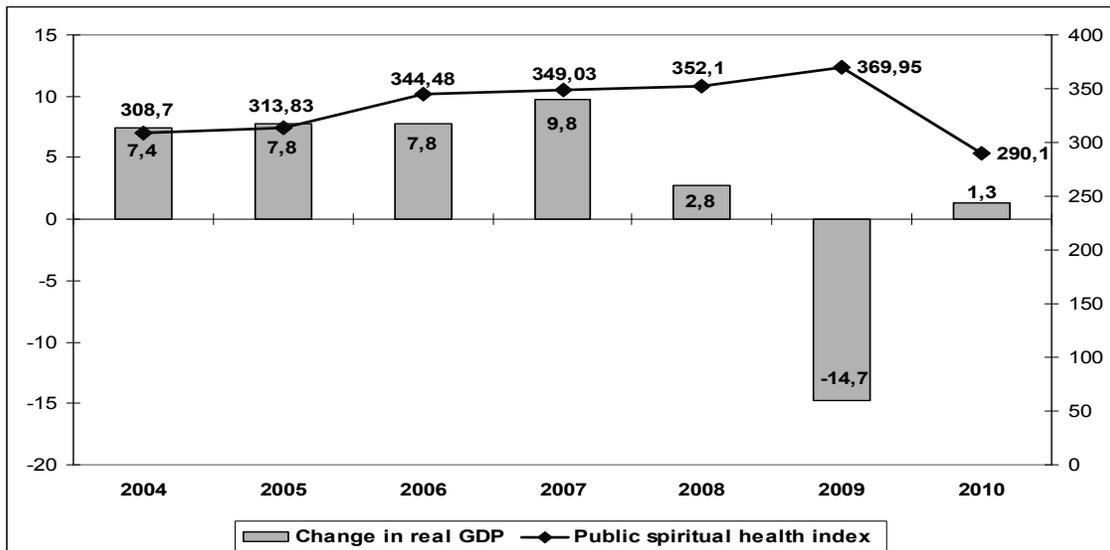
4. Restoration of the entirety of moral and ethical as well as moral values is among the principal factors affecting the economic, social and political system of the country. Ethics is at the heart of democracy, no system is capable of functioning without the moral constituent. However, the authors are well aware of the fact that calls and appeals to moral and spiritual revival of the nation alone do not suffice. They sound like a cry in the wilderness. Moral therapy must cover strategic guidelines and specific measures, such as restriction of unlimited freedom, revival of moral institutions. Thus, a more active role should be taken by the Church, schools, universities, non-governmental organisations, the media, such as television, they should be subject to tighter control by public institutions, also scientists should be involved in the drafting of legal documents and legislation on a broad scale, the opinion of the Lithuanian elite, namely intelligentsia, should be heard and communicated.

**Table 1: Lithuania's integrated index of public spiritual and physical health**

Constituent indicators of the index	Methodology for calculating the indicators	Values of indicators in 2009	Constituent part of the integrated index (in points)
Number of emigrants per 1 000 residents	The higher is the indicator, the poorer is the <b>demographic</b> situation. The ideal state is estimated at 100 points (no emigrants). The critical point – 25 emigrants per 1 000 residents (approximately 60 emigrants per day).	6.6	$(25-6.6) \times 4 = 73.6$
Natural population growth (difference between the number of births and deaths per 1 000 residents)	The higher is the indicator, the poorer is the <b>demographic</b> situation. It is assumed that the rate may range from -5 up to +5. The ideal state is estimated at 100 points if population growth is +5 births per 1 000 residents (the level of 1988-1989).	-1.6	$3.4 \times 10 = 34$
Number of suicides per 100 000 residents per year	The higher is the indicator, the poorer is the <b>social</b> situation, the <b>spiritual</b> condition of the population. It is assumed that the rate may range from 0 up to 40 (the critical point). The ideal state is estimated at 100 points (no case of suicide over the year).	34.1	$(40-34.1) \times 2.5 = 14.75$
Consumption of alcohol drinks (per single resident of the age of 15 years and over)	The higher is the indicator, the poorer is the <b>social</b> situation, <b>spiritual condition and moral degradation</b> of the population. It is assumed that the rate may range from 0 up to 25 (the critical point). The ideal state is estimated at 100 points.	12.8	$(25-12.8) \times 4 = 48.8$
Number of children deprived of parental care per 100 000 residents	The higher is the indicator, the poorer is the <b>social</b> situation of children. The ideal state is estimated at 100 points (no children deprived of parental care). The critical point – 100 children without parental care per 100 000 residents.	65.3	$100-65.3 = 34.7$
Gini coefficient (index)	The higher is the indicator, the poorer is the <b>social</b> situation. It is assumed that the rate may range from 0 up to 50 (the critical point). The ideal state is estimated at 100 points, i.e, when the Gini coefficient is equal to 0 (absolute equality, with each person receiving the same amount of income).	35.5	$(50-35.5) \times 2 = 29$
Number of registered criminal acts (misdemeanours) per 100 000 residents	The higher is the indicator, the more critical is the <b>crime situation</b> . It is assumed that the rate may range from 0 up to 300 (critical point). The ideal state is estimated at 100 points (when no misdemeanours are registered).	207	$(300-207) / 3 = 31$
Active participation of citizens in	The higher is the indicator, the <b>higher is the level of civic society in the country, the higher is the quality of democracy</b> . Assessment is	45	45

elections	performed according to the latest elections to the Seimas, elections of the President, elections to the European Parliament or elections to municipal councils held. The ideal state is estimated at 100 points (100 per cent activity of citizens).		
Confidence in government institutions	The higher is the indicator, <b>the more regard is given to public interests, the better is the political situation, the more efficient is state governance, the higher is the quality of democracy.</b> The ideal state is estimated at 100 points (100 per cent confidence). Confidence in the Seimas as the institution representing the Nation is assessed.	3.6	3.6
Corruption Perception Index (CPI)	The higher is the indicator, the <b>more efficient is state governance, the stronger is the capacity of the state to control corruption.</b> The index ranges from 0 to 10; the higher is the score, the lower is the level of corruption, i.e., 10 – a highly transparent state, 0 – a highly corrupt state. The ideal state is estimated at 100 points (where the CPI amounts to 10 points).	4.9	49
<b>TOTAL:</b>			<b>369.95 (out of max. 1000)</b>

**Figure 1: Dependence of change in real GDP (in per cent) on the index of public spiritual and physical health (points)**

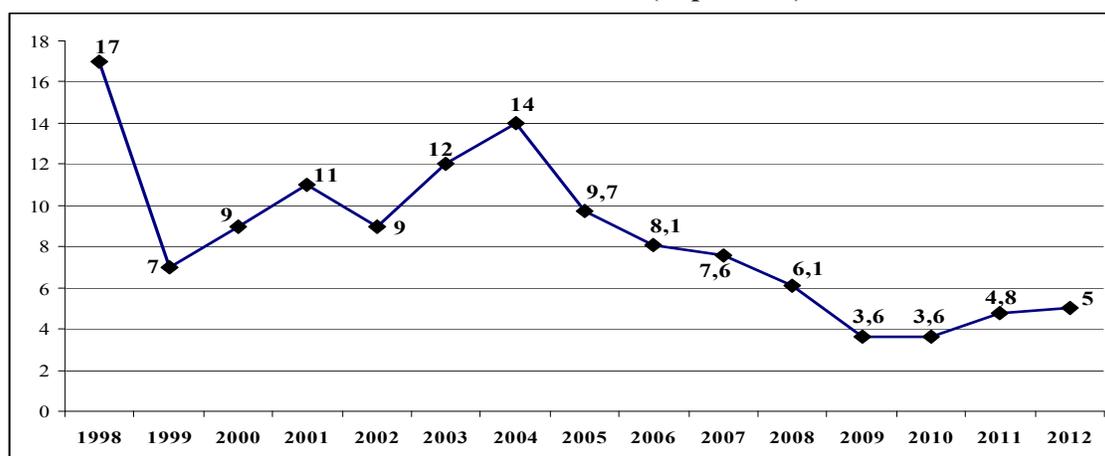


**Table 2: Changes in Lithuania's index of public spiritual and physical health over 2004-2010**

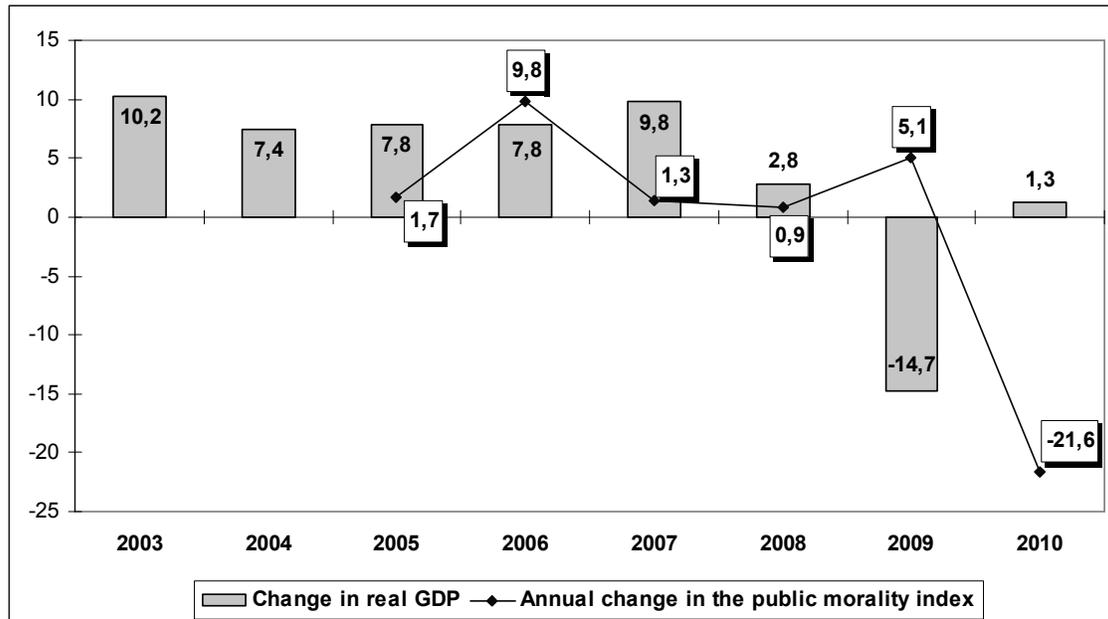
	2004	2005	2006	2007	2008	2009	2010
Number of emigrants per 1 000 residents	4.4	4.6	3.7	4.1	5.1	6.6	24.7
Natural population growth (difference between the number of births and deaths per 1 000 residents)	-3.2	-3.9	-4	-3.9	-2.6	-1.6	-1.8
Number of suicides per 100 000 residents	40.2	38.6	30.9	30.4	33.1	34.1	33
Consumption of alcohol drinks (per single resident of the age of 15 years and over)	12.8	12.9	13.2	13.6	13.5	12.8	12.8
Number of children deprived of parental care per 100 000 residents	95.4	94.3	88.8	83.9	80.3	65.3	65
Gini coefficient (index)	31.2	32.5	34.5	36	36.1	36.4	37
Number of registered criminal acts (misdemeanours) per 100 000 residents	270	227	197	170	181	207	207
Active participation of citizens in elections	46.8	46.8*	46.8*	41.3	48.5	51.7	45**
Confidence in government institutions	15	9.5	8	8.1	3.6	5.2	3.6
Corruption Perception Index	4.6	4.8	4.8	4.8	4.6	4.9	5
<b>Public spiritual and physical health index</b>	<b>308.7</b>	<b>313.83</b>	<b>344.48</b>	<b>349.03</b>	<b>352.1</b>	<b>369.95</b>	<b>290.1</b>
<b>Annual change (per cent)</b>		<b>1.7</b>	<b>9.8</b>	<b>1.3</b>	<b>0.9</b>	<b>5.1</b>	<b>-21.6</b>

\* As no elections were held in 2005, 2006 and 2010, calculations are made according to the results of the latest elections held.

\*\* According to opinion poll data as to the number of residents who would participate in the forthcoming elections.

**Figure 2: Public confidence in the Seimas over 1998-2012 (in per cent)**

**Figure 3: Annual changes in real GDP and the index of public spiritual and physical health (in per cent)**



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