Are we heading towards a global economic collapse?

Jakhotiya, Girish

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Dr. Girish Jakhotiya

1. The Economic Collapse

A ‘collapse’ to term it mildly, is a condition of ‘disintegration’; brutally you would call it ‘destruction’. A civilization collapses when majority of its communities deteriorate with respect to its cultural maturity. Similarly, a country fails when it goes beyond the possibility of repairing its governance. A business empire crumbles when it refuses to change with times and acquire newer capabilities. A household falls apart when its members do not wish to live together as a family. Alas a globe collapses when the global environment becomes unsuitable for the common people to live in.

Those who do not or are unwilling to recognize this ‘collapse’ to come, are either ‘people from a special spectrum’, say like the one percent super-rich on Wall Street or they are those ‘naïve people’ who haven’t the faintest clue that tomorrow could be difficult. Fortunately, I belong to neither of these categories. I am, neither financially rich enough to overlook the symptoms of a possible collapse nor am I so intellectually poor to ignore such a possibility. Indeed, I cannot prophesy that a collapse would strike in 2030 or say 2040. What I am in a position to say is that the process of collapse has begun. The rot has set in and hence my research on the subject with the hope to avoid the collapse by repositioning the world.

Why do I so emphatically say that the process of economic and social collapse has begun? (Prof. Thomas Piketty in his book ‘Capital in the 21st century’ substantiates his statement of economic inequality in the western countries like USA, France, Italy and Britain by presenting volumes of processed data. Of course, economists of the earlier centuries too had warned about economic inequality.) My statement can be easily supported, without any need for an elaborate empirical survey, merely by the following global observations:

1. Most of the Islamist countries are heading towards ‘social degeneration’. Radical movements are compelling them to neglect economic agenda which is based on scientific temperament and a spirit of social coexistence.

2. Almost 90% of the African countries are deteriorating, as observed on the basic parameters of human development and democratic reforms.
3. USA is getting trapped into its own structural flaws causing ever more frustration among its common people. Its economic institutions are clueless on how to solve their basic economic problems.

4. Russia has no concrete plan to rebuild its economy. It is in fact growing but rapidly consuming its oil reserves in order to support its corrupt system of governance.

5. Members of the Euro region, with the exception of Germany, are on the verge of socio-economic bankruptcy. They continue to be characterized by their longstanding indulgence and lavish habits, not realizing that they must toe the line with ‘new productivity benchmarks’ in order to survive.

6. Britain’s industrial innovation has taken a back seat. British properties are up for global sale. Great Britain has not forgotten its tricks of the colonial days. Now who is to tell them ‘wake up? Old tricks do not work in the new world order! And now Brexit which is mostly a result of British arrogance.

7. India’s socio-economic reforms lost rhythm with mindless growing corruption in both, the government and the industry. Crony capitalism has expanded the gap between rich and poor. Young Indians are exposed to critical hardships leading to an overall social frustration.

8. Indonesia, experimenting with its democracy, is very slow on its economic agenda. Corruption has weakened its governance to an extent beyond repair.

9. Japan, working on its home-grown ‘Abenomics’, has not yet realized how to reconcile with the economics of the 21st century. Its industry led by the old has failed on almost all parameters.

10. China is pushing its expansionist program on one hand and executing its economic agenda on the other using unfair and unsustainable methods. The problems which China has created for its neighbouring countries and business partners are now proving to be counterproductive. China’s social structure and political system are alarming and damaging to the other world economies.

Since the beginning of the 18th century, different economies worldwide have journeyed through regular cycles of economic performances. Some of them have tested extreme conditions of depression or stagnation. The Industrial revolution and various scientific inventions did make a few economies prosper, especially in the west, followed by Japan in the 20th century. The economic cycles follow their regular rhythm with occasional turbulence now and then. Yet, no
one visualized or forecasted this unusual ride of the global economy towards an unprecedented collapse during the last three decades.

**Six major reasons for the global deterioration**

The globe has drastically deteriorated during the last three decades for the following six major reasons:

1. Excessive ambitions of a few countries and communities
2. Socio-economic structural flaws
3. Fictitious products, processes and programs of financial engineering
4. Religious excess leading to social, cultural and economic destruction
5. Overall national indiscipline of a few rich countries
6. Rapid over-consumption of natural resources

Normally, an economy goes through a cycle of following stages:

![Diagram of economic cycle](image)

**Fig. 1**

In the past, around the 1930s, USA could come out of its great depression with extraordinary efforts and few lucky strokes of fortune. USA survived working on timely revival with top class innovative break-through in the field of both – technology and trade. Today the same US, in the second decade of the 21st century is not privileged and alert enough to dish out similar break-through innovations like before. It has however carried its economy through a major socio-economic ill-design during the last two decades. Thus, along with the few other influential economies in the world, USA will have to work hard, fast and innovatively to stop a possible collapse.
Comparison between the two periods – War Era (1900 to 1950) and Globalization Age (1990 to 2015)

There are quite a few similarities and of course a few major differences as well. This comparison has much to tell about my forecast on a possible impending socio-economic collapse. The period from 1900 to 1950 (the war era) saw two major wars and the great depression. Around 1990, the process of globalization started under the leadership of G-7 countries. Let us first look at the differences between these two periods:

<table>
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<tbody>
<tr>
<td>1</td>
<td>Only the technically advanced countries along with their respective colonies got engaged in the wars. The entire globe was not involved.</td>
<td>The entire globe was engaged in globalization with different degrees of participation by the members of the WTO.</td>
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<tr>
<td>2</td>
<td>The wars were not fought on American terrain and so the US was a ‘net beneficiary’. China was not in the frame of war activity.</td>
<td>Both, USA and China were aggressive drivers of globalization. China replaced Japan, USA overpowered Russia and South Korea surfaced as a new regional economic power.</td>
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<tr>
<td>3</td>
<td>Most Islamic countries, with a few exceptions, were away from the Euro-American developments.</td>
<td>Most Islamic countries directly participated in the global process with the restrictions from ‘Radical Islam’.</td>
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<td>4</td>
<td>The prosperity of the G-7 countries was not very noticeable and hence economic frustration amid the Islamic countries was limited. Also, activities of radical Islamists were restricted to a few Islamist countries. Globalization of oil sale was limited.</td>
<td>Islamist leaders became rich by selling oil but their common folk remained uneducated, unproductive, unemployed and financially unstable. Global communication through IT as a medium, exposed Muslims to global realities especially to the western prosperity. Then Radical Islamists started exploiting the pent-up sentiments of economic frustration of the masses.</td>
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<tr>
<td>5</td>
<td>It was more so the quality of armament that was instrumental in determining international wars rather than the economic criteria. The colonized countries were</td>
<td>Globalization paved way for increased importance given to economic sanctions and restrictions. This age also saw a few irresponsible countries acquiring atomic</td>
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suppressed, exploited and rendered economically derelict by the imperialist settlers and their governments. weapons. An economic unrest or collapse in a nation enabled with atomic weaponry can easily excite, foment serious trouble and prompt its use.

6 Expansionist ambitions were concentrated in the hands of just a few countries and they did not waste time engaging and focusing on their new drive. However, the post-war economic impact was limited to a mere 40% of the globe. Global power filtered and spread to diverse regions on the rise namely countries like China, India, South Korea, Brazil and South Africa. Since these nations have come to the forefront, the baggage of economic deterioration too with it, and that has added to an overall global economic complexity.

The war era of 1900-1950 resulted in depression impacting a few economies. The rest of the world was not even fit for that. It was already suffering from economic underdevelopment. A country that is underdeveloped or undeveloped is on another plane altogether where depression suffered in developed countries would not have any consequential impact on it, with the exception of a few chosen industries and their rich owners.

In the Globalization Age 1990-2015 the picture we have is altogether different, save some scant but strong similarities that cannot escape detection. Besides in these resemblances there is also a distinct component of anxiety that is increasingly perceptible. These similarities, destructive in nature, define the probability of an ‘economic collapse’ as follows:

<table>
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<tr>
<td>1</td>
<td>During the War Era, it was the economic indiscipline of a given country which precipitated the economic collapse.</td>
<td>In the Globalization Age, the economic indiscipline has increased manifold. The indiscipline in developing countries is mostly a result of incompetence and lack of experience. Whereas the indiscipline among developed countries is deliberate, by design, made to benefit a few.</td>
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<tr>
<td>2</td>
<td>This era was marked by political ambitions, indiscipline and arrogance</td>
<td>Political immaturity in the Globalization Age reached an unmanageable scale. Almost every influential country in this Age suffered from political indiscipline. Countries like China, North Korea, Russia and Iran</td>
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<tr>
<td>3</td>
<td>This period saw socio - cultural deterioration</td>
<td>The socio - cultural deterioration in this period intensified and reached the pinnacle in quite a few countries. It all germinated from this brazen freedom to amass wealth and also in certain cases, by nurturing a collective compulsion of following outdated religious practices.</td>
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<td>4</td>
<td>This era manifestly promoted destructive technology and clearly brought about environmental damage</td>
<td>The period essentially inherited an unprecedented chaos of environmental damage. Ambitious business establishments and countries alike ruthlessly made use of detrimental harmful technology. Economic progress with a human touch nearly vanished during these two and a half decades.</td>
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<tr>
<td>5</td>
<td>Knowledge was concentrated in a few hands in this stage</td>
<td>Knowledge did not proliferate but remained concentrated in a few hands. Knowledge of competences and as well as opportunities stayed locked as a monopoly for a few powerful. It became ever more expensive, gradually beyond the reach of common people.</td>
</tr>
<tr>
<td>6</td>
<td>Corruption was a part of the socio-economic fabric of the time.</td>
<td>Corruption has been there since time immemorial. But in this stage, it grew to become a way of life. Powerful people were more corrupt and they became more powerful through more corruption. This phase marked an acute infestation of a variety of corruption – economic, political, social, religious, ideological, technological and cultural.</td>
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**The synergy of dual pressure precipitating a probable economic collapse**

The probability of an economic collapse increases when any two pressures, say the social as well as the political pressures work together with varied degrees of combinations. Take another example say the social or religious stress or pressure within the several Islamic groups the world over which in several countries have steered in political anarchy. In certain countries there is a reverse backlash like in China and North Korea. For China it’s the political pressure that has triggered an inward focus on its social difficulties; but with the strong optic of the
ruling communist party on its international image China’s stagnating economic growth is getting unduly highlighted.

There is quite a complex connection between socio-cultural pressure and economic deterioration. It is paradoxical how both socio-cultural pressure and the economic deterioration are self-inflicting, playing the role of cause and effect all at once. We have plenty visible examples in this category. Radical Islam for one, is compelling the young Muslims to desist from any scientific temperament, the very essence for economic growth. The misguided youngsters then turn ever more radical, in the absence of any concrete economic agenda. Look at the Chinese, they are ready to abandon whatever socio-political inclinations they might profess to have if they are promised a happy economy. Steadily you can see the economic gap between the urban and rural Chinese increasing. Institutional and political corruption are strongly responsible for destabilizing the middle-class population of China. It’s to be seen how long the coercive discipline of China can control and suppress the intrinsic unrest among its poor masses.

Fundamentally, the political and the social pressures are effectively borne by the poor worldwide. The rich seem to manage political pressure and normally know how to disregard social burdens. Yes, you can say that in a way Economic richness paves way for ‘Social neutrality’. A good example here would be that of a rich Muslim and a rich Christian co-habiting as good neighbours. They see the larger picture; they have to protect their vested interests so they know how to co-exist, despite everything, in harmony. Unfortunately, the poor are so dynamically shaken by their poverty that they tend to muddle up their socio-political convictions with their economic frustrations. Thus, the world over it is observed that the socio-economic feuds stem from the poorer sections of the society.

In this day and age suppression of economic frustration does not yield any results. Thanks to globalization, there is quick astute communication between the poor of different countries, who now have mastered the art of comprehending the agenda, tactics and systems of suppression used by the rich. The chart below is indicative of how the rich execute their suppressive tactics both politically and socially:
The socio-economic frustration amid the poor is pouring out and very rapidly getting recognition all over the world. The expression or rather the explosion of this frustration has taken different shapes and it is clearly manifesting itself with varying degrees of impact in different places. The most lethal of impacts is the trail of destruction which has become a weapon in the hands of anti-development groups. Yes, and the youth of these groups are, in effect, the guinea pigs who are used by their leaders to propagate and execute their open or hidden agenda of crushing all that is good in the world. If the poor are not allowed to move upward in the ‘pyramid of prosperity’, subsequently some time they would learn how to break the pyramid and come out:

![Diagram of the pyramid of prosperity]

Considering the purchasing power of currency in ‘absolute terms’ and in relation to ‘relative rate of growth’ you can’t help noticing that the lower-middle class is fast turning poorer in
most countries. The gap between the rich and poor is widening despite having achieved economic growth in the last three decades. In short, there is a relative shift of poverty ultimately leading to real increase in poverty. This should be explained as follows:

![Fig. 4](image)

From 1990 to 2015, all of 25 years, the average wealth of the rich has increased 16 times whereas average income of a poor has increased five times. Let us not forget that the increase in a poor person’s income is on a base of ‘10’. Therefore, the rich to poor ratio of 10:1 has increased to a ratio of 32:1. (I have taken an ROI rate of 12% p.a., applicable to most of the influential countries, while computing the increase in the wealth of the rich.) The income of the poor has not increased enough to keep up with the annual rate of inflation. With the pressure of 32:1 ratio of income gap, the poor of today is facing a seriously diminishing purchasing power and is struck by the problem of affordability. Hence the claim made by some of the economists about the increased income of the poor, is totally baseless and hurts the sentiments of the poor and those who empathize with them.

All those economists, who have concentrated solely on economic growth without casting a thought on development of competency amid the poor, have done little for them. Without adequate and appropriate development of competency the poor can never aspire to participate in the rate of economic growth. Let alone that, the poor would further plummet in the rut of political exploitation and social discrimination. It’s like an irreparable vicious cycle that keeps perpetuating as follows:
Economists and governments alike, in most countries, have not succeeded in pulling out the poor from this vicious cycle. The reason I see for this failure, is the error in defining poverty. If poverty continues to be defined as a ‘bare minimum income to survive bodily’, then I do believe that the poor will never come out of this vicious cycle, this harsh entrapment. As I have maintained, the ‘increase in the income of the poor’ is only figurative. It is a mere relative shift in the poverty line; where the poor may be technically earning more, call it an absolute increase, but his purchasing power has not increased. It has remained status quo or turned even lower than before. The rich conveniently use this so called ‘increase in the income of the poor’ to advocate their own agenda. They ruthlessly use the political machinery to consume natural and national resources at will. The rich use economic modelling to curtail economic deficit to their advantage. Governments are recklessly abolishing or curbing subsidization, an essential key for the poor, because curtailed subsidies show reduced fiscal deficit. This kind of economic modelling shows a rosier economic picture, where those in power conveniently divert national resources from the priority areas those meant for the poor, to the preferential programs which benefit the rich. If only the governments would decide to reduce corruption by say 25%, it would automatically make lot more resources available to uplift the poor. With an alarming income inequality, we are only inciting trouble, almost as if we are ‘fuelling the fire of frustration’.

2. The fire of frustration in different countries
A representative illustration may be mentioned here as follows:
<table>
<thead>
<tr>
<th>Country</th>
<th>Fire of Frustration</th>
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<tbody>
<tr>
<td>USA</td>
<td>The middle class and lower-middle class Americans took to the streets to protest against the Wall Street</td>
</tr>
<tr>
<td>India</td>
<td>Initially they were the Naxalites exploiting the poor frustrated tribal communities. Those were times when Indians traditionally were tolerant. But now the exasperated young Indians have awoken and are seeking effective methods of rebellion</td>
</tr>
<tr>
<td>Britain</td>
<td>Unemployment and economic inequality are seriously on the rise. The British youth is terribly upset with its government’s global policy. The recent road riots in Britain indicate total failure of British governance.</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Oil brought in riches for the Sheikhs of Saudi Arabia but also exposed their lesser side to the Islamic world. Today the middleclass Arab hailing from this region expects some sustainable solutions from the ruling royal family.</td>
</tr>
<tr>
<td>China</td>
<td>The Communist Party of China so far has managed to suppress the socio-political aspirations of its youth. However, with the advent of growing economic stagnation, rising costs, depleting exports, increasing social riots by minority communities in the south west border and growing corruption, the Chinese government is now not able to sell the ‘Big Chinese Dream’ to its people.</td>
</tr>
<tr>
<td>Russia</td>
<td>Russia cannot just depend on its oil exports. In the last two decades, Russia failed to work enough on competency development, institution building and modern business management. Despite its growing political ambitions, this vast country neglected the fundamental preparations.</td>
</tr>
<tr>
<td>Japan</td>
<td>The Japanese youth are seriously worried about the socio-economic pressure caused by Japan’s growing number of senior citizens. Japan is trapped with a depleting workforce and lots of ageing rich sick to care for. Japan has got trapped in the vicious cycle of ‘sickness of a rich ageing family’. It is groping in vain to bring back its economy on a fast track. It is suffering from an exasperating deflation without a clue how to force a change.</td>
</tr>
<tr>
<td>France</td>
<td>France hasn’t benefitted much from the Euro design, for no fault other than its own inability and lack of vision. The French youth are worried about their future as industrial growth has slowed down and for want of a pragmatic plan of economic restructuring, unemployment is on the rise.</td>
</tr>
</tbody>
</table>

I can report the distinct ‘fire of frustration’ of almost all countries of this globe. Come globalization and the fate of every country is linked. However, the brunt of the economic collapse will lie on the more influential countries a lot more than we can imagine. Germany,
thanks to its structural strengths and mature entrepreneurship and other countries in the same groove are likely to survive this global debacle. During last two and half decades, the globe has reached newer heights of technological advancement, especially in communication, medical science and environment management. Unfortunately, the globe at that time did not define and execute a proper system for the appropriate and equitable use of technological progress. That was primarily so because the socio-political and economic equilibrium was lost.

The developed nations took an initiative and created an administrative structure called ‘World Trade Organization’ (WTO) in 1995. It was expected to promote business among the member countries. In the early years of WTO’s functioning, the developing and under-developed nations didn’t understand the rules of the game and were also not capable of competing with the powerful members of the WTO. As a result, the powerful members could use WTO to their advantage for almost a decade. Once the poor and weak members reasonably understood the ‘WTO - Game’, they united and started hitting back. This was the beginning of rapid economic deterioration of the powerful developed nations. No more they were able to exploit the WTO mechanism to cover-up their inefficiencies. The economic fall in both, the USA and the Europe commenced almost the same time. The Euro group could not use its collective strength to rescue its members from bankruptcy of economic programs and social motivation. Without reasonable social motivation, no country can work on innovation or change management.

3. Why the WTO will not be able to avoid further economic deterioration?
Perhaps this question may not require an intellectual discussion as its answer is quite obvious. The very structure of WTO is based on opportunism hence global economic equity need not be
its agenda. If we analyse and evaluate the journey of WTO since 1995, we reach following important conclusions:

1. The powerful countries now find the WTO mechanism quite challenging after they lost their own internal economic rhythm on account of various reasons.
2. WTO design does not offer any reasonable scope or space to the less competent economies to work on their structural deficiencies.
3. The prominent members of WTO have been mostly using doctrines of political economics and neglecting the principles of social economics. Initially the USA and the Euro group exploited the WTO for their political purposes. After the entry of China and the new-born aggression of countries like India, Brazil and South Africa, the political economics became more cutthroat.
4. Various definitions, formulae and policies used by the WTO are mostly based on imperfect or impractical concepts of economics. The USA or the European Union forgot that most of the Asian economies are based on their citizens’ savings and not so much on consumerism.
5. The overall mechanism of WTO is based on short-term mentality of a ‘trader’. It does not really boost long-term entrepreneurship. As a result, the member countries were more tactical and less strategic in terms of economic exchanges.
6. Even after twenty years of operations, quite a few rules (and their interpretation) of the WTO are full of ambiguity e.g. the formula used for offering subsidy, price support to the farmers. Members like the USA can use a flexible group subsidy for the crops done by its farmers whereas India has to monitor and restrict crop-specific subsidy.
7. The biggest failure of the WTO is seen in its failed economic leadership. As a result of its functioning, the global economy has not consolidated much. Rather it has fragmented into small groups of political activisms. Instead of becoming an ‘institution' promoted by good global ethos, it has become a mere ‘bazaar’ (or platform) for the members to use their auctions and options to conduct trade.

Allow me to give you an analogy between the mechanism of WTO and a medicinal drug. In the same way as the drug in its attempt to suppress the disease causes a few serious side effects, the machinery of WTO with all its desire to address good functioning of trade will not be in a position to save the world and abort an economic collapse. The whole of WTO concept will have to be revisited and its mechanism will have to be reincarnated. Only a colossal collective global effort can save the world from an economic collapse. These efforts will have to be sustainable, inclusive and equitable. The rich and the powerful cannot expect to exploit the
poor and the weak in perpetuity. That’s the impact of technology. The modern-day technology has brought in transparency, which has empowered the poor by giving them access to unearthing truth, to comprehend global realities, and to discern true genuine transformations and changes from the so-called-make-belief-reforms, tailored by the rich to serve their own agenda. Some of the reforms or initiatives implemented by various countries that fall into this category have been enumerated below -

1. USA: Housing loan reforms, bank and corporate restructuring, innovative derivatives for the purpose of hedging.

2. INDIA: Special Economic Zones, privatization of oil and gas exploration, privatization of healthcare and education, reduction in subsidies for the poor, restructuring of non-productive loans given to the rich.

3. SAUDI ARABIA: There is a steady conscious awakening within the youth of this nation prompted by the fact that there is concentration of wealth within the ranks of the Royal family itself. People are aware that the protection offered to the Royal family by the powerful countries comes at a price, such as exchange of free oil, infrastructural projects, investment planning for the Royal family, and so on. Where, in the bargain, the common man gets nothing.

4. CHINA: There is awareness all around that there is growing corruption within the Communist Party of China and its government. On one side there is brutal exploitation of workers and farmers from the rural areas and on the other side of the fence are those Chinese tycoons rapidly prospering under their government’s direct patronage. The government is trying to showcase its efforts at improving medical facilities and thwarting the growing unrest among the multinational companies operating in China.

Also, the poorer and weaker sections in Britain, Italy, France, South Africa, Brazil and Indonesia have come to realize that there is an urgent need for some drastic measures to stem the rot from their social and economic systems. The once booming South Korea is now faced with stagnation of its industrial growth, whereas Russia after experiencing a surge in its economy post 1990, is now unable to maintain the momentum and is finding it difficult to revive its once successful systems and institutions. Needless to say, that the countries around the world will have to look inwards, retrospect and come up with their own bold and progressive ideas to save their respective economies, while at the same time they will necessarily need to coordinate, collaborate and cooperate with peoples of other nations in order to execute a common minimum agenda of ‘economics of survival’. The BRICS countries to
serve their common interests and economic cooperation, decided to create a strong banking infrastructure, and in the process set up the New Development Bank. Nevertheless, the recent developments within China and its growing problems with its neighbours does not augur well for this new entity. Similarly, the Asian Development Bank became a monopoly of Japan, and failed to create a sense of equity amongst its other regional members. In conclusion, if we are to save our world from an economic collapse, it is clear that ‘Political Economics’ will have to make way for ‘Social Economics’, with a single focus of building a ‘real global society’.

4. The structural and ideological reasons leading to economic collapse

Rigid or impractical ideologies have created socio-economic havoc in many countries and regions. Excess of communism, socialism, capitalism, individualism and collectivism has contributed a lot to socio-economic and socio-political deterioration. China claims that it follows ‘nationalist capitalism’ at the governmental level and ‘economic communism’ for its people. It deals with foreign companies and countries as a ruthless capitalist (and very often supports crony capitalism too). However, China’s diametrically opposite policy adopted for its people compels its masses to limit their social aspirations altogether and accept a frugal reasonable standard of living. This dual structure of functioning, one face at the State level and another at the Society level is now proving to be unsustainable showing a declining rate of economic growth. Take the case of the Muslims (and their leaders) – worldwide they have been practicing excesses of collectivism, which has resulted in killing entrepreneurship and innovation. Look at Japan; they propounded the ideology of ‘work-a-holism’, boosted its average employee productivity by ignoring the spirit and mechanism of family kinship which was, in effect, the true backbone of Japan’s strength. USA excessively promoted ‘individualism’ and endorsed the culture or the ideology of ‘survival of the fittest’. China picked up the same ideology from the US and the latter is now finding it difficult to counter.

Five Genetic Groups of the influential countries

The entire globe is suffering from misplaced ideologies and serious structural flaws. When I studied the “14” most influential countries or regions, I observed that the globe is divided into five ‘genetic structures’, visible through hard and soft components. I may call them as Five Genetic Groups (FGG), which can be differentiated by some strongly visible features and others less distinct.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>FGG</th>
<th>Strong distinctive features</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The American Group</td>
<td>• Social &amp; Technical Innovation</td>
<td>USA, Britain, Italy, France &amp; Brazil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Excessive Individualism</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Arabic Group</td>
<td>• Government Patronage</td>
<td>Saudi Arabia, Iran, Iraq, Egypt</td>
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<tr>
<td></td>
<td></td>
<td>• Excessive Collectivism</td>
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<tr>
<td>3</td>
<td>The Indian Group</td>
<td>• Family Entrepreneurship</td>
<td>India, Indonesia, Japan &amp; Germany</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Legacies of Nationalism</td>
<td></td>
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<tr>
<td>4</td>
<td>The Chinese Group</td>
<td>• Centralized Governance</td>
<td>China, Korea, Russia</td>
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<tr>
<td></td>
<td></td>
<td>• Political Dominance</td>
<td></td>
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<tr>
<td>5</td>
<td>The African Group</td>
<td>• Natural Instincts</td>
<td>South Africa, Nigeria</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Socio-political Immaturity</td>
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The strong distinctive features of these groups have created a global disequilibrium in terms of economic and socio-political reforms. The positive inference we must draw from this scenario is the interdependency of countries in order to orchestrate change and growth. After a decade long socio-economic deterioration, USA is conscious that it needs the support of the world. There is a sort of global realization that China, Russia, North Korea, Iran, Iraq and Israel are undergoing testing times. A small hitch in any of these countries or their associates can trigger off a process of rapid global destruction. Having said this, we cannot omit the fact that there is already a good quantum of destruction done to the globe by the western countries including the US. These nations have often adopted double standards while dealing with the weaker states. Take Great Britain, its whole range of philosophers and authors spoke about equity but where was that sense of fairness lost when Britain ruled over half the globe? Today Great Britain is facing a grim problem of inequality between people on the side of the Conservatives, who are essentially rich and the other Labour party whose members, the so-called urban proletariat, are poorer. Besides the UK has chosen to Brexit from the European Union.

India, in the Middle Ages, was literally a guide to the globe. Sometime around the beginning of the 15th century a social decay crept in and India lost its goodwill to lead the world. There came the advent of scientific advancement spearheaded by the western powers, followed by Japan, but not extended to the rest of the world. While ‘survival of the fittest’ became the main theme for these powers, their arrogance led them to completely ignore the fact that it is not possible to stay the superlative best forever. They, in the western world, couldn’t manage to stay the ‘fittest’ and it was not long before their selfish economic agenda and their social
arrogance was perceived correctly by the rest of the globe and which also partly ushered in the Islamic Radicalization. The recent most manifestation of this Islamic Radicalization is the formation of ISIS (Islamic State of Iraq & Syria), a movement that has found appeal even with the educated Muslims from USA, France, Britain and Germany. These countries and their allies are now facing the terrible ‘Clash of Civilizations’. The standoff between Israel and Palestine in the eyes of the western powers is a way of assessing the true level of Islamic resistance and solidarity that might exist through the world. Today, divided Islam is speedily gathering a radical flavour and perhaps this would be the very reason why the poor Muslims across the world will face a dim and miserable future. Alas, the rich of the globe view this radicalization as another economic opportunity to be exploited ruthlessly.

5. Economic collapse of the influential countries
The economic deterioration of the above mentioned five genetic groups is briefly explained hereinafter.

![Diagram](Fig. 7)
The Arabic Group

- Government Patronage
- Reduced Productivity
- Dependence on outsiders for running the economy
- Excessive socio-political & cultural restrictions
- Social unrest & lack of scope for innovation
- Concentration of wealth in a few families
- Growing socio-political anarchy
- Growing unemployment
- Stagnated economic growth
- Leading towards overall bankruptcy

Fig. 8

The Indian Group

- Family Entrepreneurship
- Corruption in society & government
- Systemic failure & lethargy
- Excessive Nationalism
- Absence of competitive strength
- Declining performance on global parameters
- Serious problem of governance
- Huge income inequality
- Pressure of old, wrong doctrines restricting the scope for change

Fig. 9

The Chinese Group

- Centralized Governance
- Lack of reasonable private entrepreneurship
- Excessive pressure of communism
- Political Dominance
- Social & cultural suppression
- Invert looking nation
- Expansionist ambitions
- Non-cooperation from neighbouring countries
- Isolated economic journey leading to stagnation
- Socio-economic frustration
- Corrupt bureaucracy
- Lack of business innovation
- Regional tension

Fig. 10
If the global economy is to be saved from a possible collapse, the aforementioned genetic groups will have to seriously and sustainably cooperate, collaborate and coordinate with each other. Cooperation is absolutely mandatory and a serious effort has to be made to be able to cover up for each other’s weaknesses. Collaboration must essentially be sought for mutually beneficial projects alone with a focused win-win approach. The groups need to coordinate since resources are limited and creating a synergic approach will be beneficial. The twenty-year long journey of WTO has not yielded much gains on the aforementioned three fronts.

6. Clinical mapping of the rapid deterioration

The underlying negativity which has caused the rapid deterioration in the economies of the influential countries may be described as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Negative Characteristics</th>
<th>Countries Afflicted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Concentration of wealth in the hands of a few</td>
<td>All countries mentioned in this study</td>
</tr>
<tr>
<td>2</td>
<td>Disrespect for partners in growth</td>
<td>China, Italy, Japan, France</td>
</tr>
<tr>
<td>3</td>
<td>Corrupt Governance</td>
<td>All countries mentioned in this study</td>
</tr>
<tr>
<td>4</td>
<td>Strength disregarded and overlooked</td>
<td>India, Japan, Britain, USA</td>
</tr>
<tr>
<td></td>
<td>General lack of competency / proficiency amid people</td>
<td>India, South Africa, Saudi Arabia, Indonesia, Italy, Britain</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>Lack of Spirited Leadership</td>
<td>Japan, Britain, Italy, France, South Africa, Saudi Arabia, Brazil</td>
</tr>
<tr>
<td>7</td>
<td>Resistance to Change</td>
<td>South Korea, Saudi Arabia, China, Japan</td>
</tr>
<tr>
<td>8</td>
<td>Lack of Ambition for Growth</td>
<td>Japan, Britain, Italy, South Africa, Saudi Arabia, Brazil</td>
</tr>
<tr>
<td>9</td>
<td>Low or Zero determination to Innovate</td>
<td>Japan, Britain, Italy, South Africa, Saudi Arabia, Indonesia</td>
</tr>
</tbody>
</table>

The history of the world is rife with renowned empires and kingdoms and entire civilizations collapsing. The Romans, the Greek, the Aryans, the Egyptians, to quote a more recent one would be the British Empire they have all fallen, decayed and degenerated on account of their distinct inherent weaknesses. In fact, I would say, that the socio-economic deterioration of the last two decades is quite resultant from the excesses of crumbling degeneration and self-destruction prevalent in the last two to four centuries. As if it percolated from there. The events of the past two decades seem quick galloping and visible, in a measure, on account of globalized activism and technological transparency.

All those countries we have taken up in this study have transformed and come to this unflattering state of affairs. I have in mind a clinical mapping of the route which caused this decline.

a) **The Exertion Route**
   The US exerted excessively in offering leadership to the globe and eventually forgot to consolidate its own socio-economic position. In an altered way, Japan too exerted, but internally. The Japanese in their hurry to launch their nation as a super economic power, applied all their collective energy.

b) **The Exploitation Route**
   A few multinational companies and banks, by that I mean their shareholders and top executives, exploited the people of America. The Communist Party of China subjugated its farmers and workers. Indian politicians, rich farmers and crony capitalists oppressed credulous Indians. A similar course of exploitation has swept across Saudi Arabia, Indonesia, Iraq, Iran, Nigeria, and almost every other state. The exploitation has been
at both levels, social and political. Take for instance Britain exploiting naïve and less stable countries for almost one hundred and fifty years.

c) The Consumption Route

Italy, France, Greece, USA and certain other have deteriorated on account of poor public savings, excessive consumerism and exorbitant consumption of retail loans. Most of the oil producing countries, including Russia, are fast depleting their oil reserves and heading towards economic bankruptcy. Few like Oman are now fortunately concentrating on non-oil based alternate sources of revenue.

d) The Confusion Route

The Japanese, Indonesians, Koreans, Indians, Americans and the British are seriously confused about their future. Especially the US and Japan are ideologically jumbled because they have tasted economic prosperity for quite some time and are now exposed to a discouraging scenario. The confusion amid the Chinese is presently not yet formulated since the people are suppressed and who knows it might someday get out of hand and turn into a socio-political explosion.

e) The Isolation Route

Japan suffered heavily on account of its socio-economic isolation for two decades. It was that egocentric policy that narcissist outlook which endorsed the neglect of the basic tenets of give and take. A similar kind of arrogance and political ambition is now isolating China and Russia. To an extent, I would say Saudi Arabia, Iran, Iraq kind of consciously or inadvertently isolated their people from the global development and network circuit for too long a time. That could have been a reason that pushed its people towards radicalism.

f) The Route of naivety

Take the example of South Africa and Indonesia. They both remained inexperienced kind of raw and unsophisticated, socio-politically and technologically. In the name of radical Islam, the people of many Islamic countries remained archaic and unexposed. Why, in India too quite a majority of the rural folk was kept naïve and ill-informed in the name of religion and hocus-pocus political promises. In a certain way few Americans too remained immature, but for their part, it was more so on account of arrogance -- that US is all-encompassing and that the Americans need not and do not see anything beyond America.

g) The Explosion Route
Countries like Syria, Iraq and North Korea are on the brink of explosion, a burst, a bang, an eruption which likely to affect a bunch of other countries. Economies such as Indonesia, Russia, Egypt, Italy and a few others have intermittently experienced this explosion route in the socio-politico-economic directions and which has been detrimental and damaging for them. At times it is the radicalization of the society that results into this kind of stalemate. Where China is concerned you may keep guessing for you don’t get a clear picture, though it looks the socio-political explosion in China is a direct result of the economic slowdown. The people of US, Britain, India and France do not bring out their frustration through the route of social explosions because these are countries which uphold democratic principles.

h) The Ego Route
Great economies and civilizations of yester years are suffering today from overall stagnation as a result of their vast ‘ego’. Take Japan and even Germany, they have fallen victim to this route. Following this very principle, Germany precipitated the two World Wars and the symptom has not ceased; you can tell that from the way Germany marches on with the European Union It has clearly not yet shed its ego. America too has a huge political ego whereas Britain and France are more about their cultural ego. India went down drastically by the end of 15th century as a result of socio-cultural ego.

Several countries have taken their single or multiple routes mentioned above to have reached this fate today. See USA for example, it has muddled through multiple routes of consumerism, ego, isolation, exertion and exploitation. Clearly its problems are complex; both operational and structural. Despite the fact that European Union is down today, Germany is plodding on pretty well. But slowly Germany is revealing its attempt at ‘isolation’. Of course, this might give birth to long term structural problems. China, for instance, in its bid to overtake US as a global power, is busy with short-term operational gains, which will definitely cause China long-term structural problems. A quick look at the table will explain it all.
China’s economic growth of the past two decades (1990 to 2010) is no longer sustainable. The sinking economic performance coupled with rising costs is rapidly pushing the Chinese economy in a serious state of stagflation. This prompts us to infer that China is practising confrontational tactics with its neighbours in order to divert the attention and the pent-up frustration of its people and offering it another outlet. Russia has been following this strategy for a while.

It is not an easy task to categorize any two kinds of declines as cause and consequence. There are times when social deterioration has resulted in economic corrosion especially in developed countries and the exact vice-versa in the case of developing or the ‘emerging countries’. The figure below is self-explanatory:
The overall socio-economic deterioration discussed in the above pages has accelerated the process of global economic collapse, especially during the last two decades. Therefore, as a researcher, I need to make a humble statement that the ‘root-cause analysis’ will have to be expanded to a bigger macro view of the contemporary socio-economic and geo-political developments across the globe.

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