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Why & how the western economists should reorient their thinking?

Dr. Girish Jakhotiya

1. Introduction

The fall of American capital market was not even remotely predicted. The erosion in the economic activism of the Euro-zone has not been so well identified. The ‘developed economy status’ of Japan continues to exist although its economy has got stuck in an unimaginable stagnation for almost two decades. The socio-economic design of Brexit is not very assuring for both, Great Britain and other members of the European Union. The West does not have a clear and complete diagnosis of the ‘political economics’ practiced by the Communist Party of China. And the latest Trumpian confusion inside the USA is an obvious indication that the American economists are not able to convince their President, what is good for the country in the long-run.

To an extent the German economic model sounds sustainable for Germany’s limited growth but it hasn’t provided any economic ignition to the other economies in the same Euro-zone. This has created an ideological divide in Europe, which may unfortunately benefit Russia and China to further their geopolitical ambitions. The western economic ideologues could not exactly assess the impact of religion on economics in the oil-producing Islamic countries and therefore could not also establish any linkage between the social aspirations of common Arabs and political ambitions of the Arab ruling families.

The latest evidence of the collective failure of western economists is seen through their evaluation of the WTO’s performance. There are basic flaws in the design and functioning of this trade regulator cum facilitator. Those who championed the very purpose of WTO are now expressing their reluctance to continue its parenting. After two decades of WTO’s performance, we unfortunately tend to conclude that this mechanism didn’t strengthen global economy although it certainly prescribed an operational code of conduct.

My recent study of the fourteen most influential economies has reached a sorrowful conclusion that a common man is not happy in any of these countries. Right from the USA to Britain to Indonesia, a common man is absolutely restless about his present and bit fearful about his future. This observation about a common man’s economic distress is equally applicable to the

‘market economy’ of the USA and ‘state economy’ of China. While supporting freedom of entrepreneurship, the western economic and business thinkers probably forgot that freedom comes with a social accountability and entrepreneurship should be based on fair-play rules. As this was forgotten, the markets were left free to decide the existence of the weak and disadvantaged people. Crony capitalism got its legitimacy in the technical advocacy of the doctrine of shareholder value appreciation.

The western economists could not exactly assess the downfall of the Asian tigers in the last decade of the last century. Later on, they attempted to forecast the future of BRICS economies and again erred. This was mainly on account of applying the typical western yardsticks to the eastern stories of social economics. For the same reason, the overall economic journey of communist China has been very often misinterpreted by the western analysts as only a state-driven economic adventurism. They do not have complete clue about India’s economic experiments. This automatically resulted in the failure of many European and American corporates who committed blunders while framing their broad economic strategies for handling Indian market. The geopolitical ambitions of Russia surfaced very late on the analytical canvass of the western economists as they were mentally preoccupied with the cold war era and its impact on Russia’s visible economic parameters.

The overall economic deterioration of most of the western economies was measured to be linear with a few broad apparent parameters used by the western economists. This only resulted in a very limited analysis of the symptoms of the disease. The disease was mostly not correctly diagnosed and hence these economies continue to bleed even at the end of second decade of the 21st century. The consequence of this western economic deterioration is seen through a slow, confused and complex economic journey of the entire globe. This is obviously for an important reason that the subject of economics was seriously viewed and oriented only as a ‘science’ by the western economists, who attempted to frame it with excessively objective, quantitative, mostly absolute and deterministic doctrines. The developed economies practiced these doctrines and benefitted immensely for a few decades. The sustenance of western economic doctrines was never testified with abstract, relative, qualitative and long-term parameters. The western economists could not imagine of an integrated approach to economic modelling. This may be elaborated here further.

2. The integrated approach to economic modelling i.e. the four purposes of a human life to be at the core of economic modeling

For many decades, the perfect market hypothesis was based on a belief that human beings think and act only rationally and not emotionally. The emotions of greed, speculation, dominance, victory etc. have always been influencing the economic behaviour of both, societies and individuals. American economy deteriorated on account of unlimited greed of the powerful rich, who kept on fulfilling it through a corporate design of crony capitalism. The common Americans realized it very late that collectively they have been viewed only as consumers. The Keynesian theory of 'spend, consume and grow' was cunningly implemented for the rapid growth in the wealth of a few mighty Americans. Those wise economists who opposed this greed were branded either as orthodox socialists or outdated communists.

Most of the western economies kept on receiving signals of an overall deterioration in terms of economic disequilibrium, socio-economic inequality, rapidly reducing investment in public infrastructure, excessive use of monetary policy mechanism to solve fundamental problems of the economy and negligence at the efforts of innovation. These signals were mostly neglected for three basic reasons viz. an absence of integrated economic thinking, theoretical attempts of quantifying the qualitative issues and an overdependence on rigid economic concepts which lost their relevance over a period of time. Concepts of full employment, quantitative easing, tax administration, deficit monitoring etc. were not viewed as part of an integral economic wisdom. An economic model sustains and offers perpetual and equitable results to all the stakeholders in an economy if it uses the following model of versatile growth of a nation:

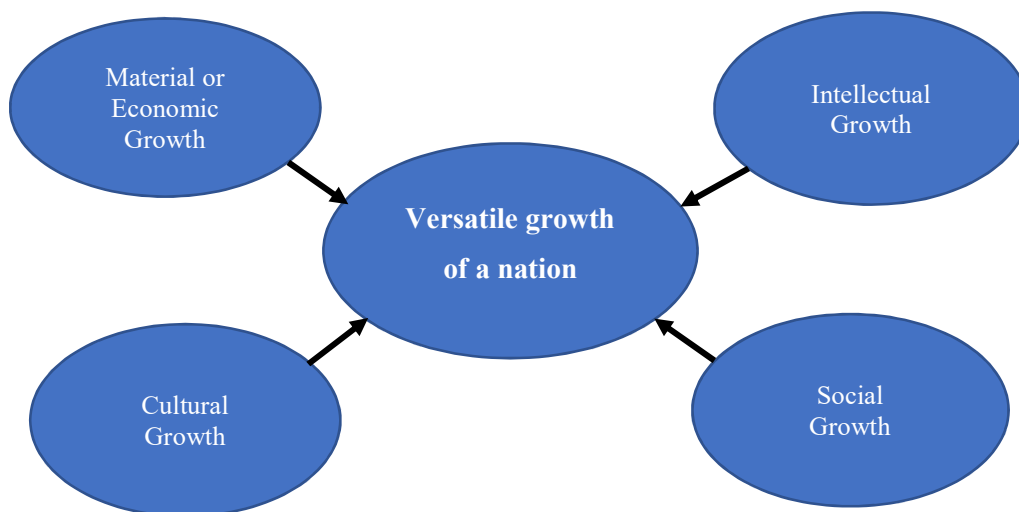


Fig 1: Versatile Growth Model

The above model is also applicable to the growth of a human being who wants to be materially rich, intellectually satisfied, culturally vibrant and socially connected. The European Union, with its all genuine efforts, could not emerge as a sustainable solution to the socio-economic problems of the fellow Europeans because this union and its member citizens do not enjoy even reasonable economic prosperity, intellectual pursuits, cultural inclusivity and social equity. Same could be said about majority of the Americans. They are suffering from economic stagnation, intellectual deficiencies, cultural deterioration and social disintegration. Mr. Trump became President by showing the Americans the big American dream, which lacks wisdom on all the above four parameters of versatile growth. We should not blame Mr. Trump alone as the American economists could not put forth solid ideas for navigating the economy safely into a right direction. These economists, who do not have an integrated view of versatile and equitable growth, are not attempting to work on the following inherent conflicts existing in the American economy:

- The doctrine of shareholder value appreciation vs. the sustainable economic prosperity for the common Americans
- An equilibrium between technological innovation and people capability & employability
- A conflict between the migrants' role to contribute value and protection of jobs for the locals
- Impact of speedily disintegrating American social system on individual freedom and collective social synergy.

If economics is a social science, it cannot be used effectively to address the social issues by adhering to mathematical iterations alone. Social implications of good and bad economics are to be analyzed with immense qualitative rigor and reasonable dose of relativity. Connecting an economy's total debt, public spending, fiscal deficit etc. to its GDP; demands high degree of application of relativity. The rules and regulations of the WTO were framed without considering this 'relativity'. These were based on an absolute matching of a few apparent quantitative measurements. One cannot compare the appetite, aggression and activism of a tiger with an elephant. Most of the times, the western economists forgot this simple doctrine of plurality. If everything was so simple and so absolute, the mathematical programming of economics should have resolved the complex issues the developed economies are facing for so long. If we broadly look at the present state of affairs of the economy of the USA, we may conclude as follows:

Table 1			
Recent performance of the USA economy (Year 2005 to year 2015) compared with China & Germany			
Performance Area	*Scores on a scale of '0 to 5'		
	USA	China	Germany
(A) Material or Pure Economic Performance			
➤ GDP Growth	2.5	4	3
➤ Average purchasing power of a common man	2	3	4
(B) Intellectual Performance			
➤ Efforts of innovation	2	2.5	4
➤ Investment in innovation	2	4	3
(C) Cultural Performance			
➤ Entrepreneurship of masses	2.5	3	5
➤ Soft strategies of economic networking	2.5	3	4
(D) Social Performance			
➤ Policy for migrants	3	2	4
➤ Social equity	2	3	4
Total Score (Out of 40)	18.5	24.5	31
Percentage Score	46.25%	61.25%	77.5%
*Scale of '0 to 5'			
5 – Outstanding, 4 – Very Good, 3 – Good, 2.5 – Average, 2 – Poor, 1 – Very Poor & 0 - Nil			

While treating and effectively using economics as a social science, a common man must be at its center. Probably this was forgotten by most of the members of the European Union. The European economists, who have been excessively engaged with micro mathematical analysis of small sectoral issues, did not attempt to evaluate the versatile progress of a common man in his life cycle. As a result, except Germany to an extent, the European countries are almost clueless today to decide between the following:

- Control on fiscal deficit and socio-economic competency building of the masses
- Long-term investment in infrastructure and short-term liquidity
- Resource-based vs. competency-based planning
- Socio-economic freedom of each member country vs. further integration of the Euro Zone

This cluelessness of the European leaders and economists is evident through their latest approach to collective and country-wise economic reforms. The present confusion about the

post-Brexit scenario is also an example of this cluelessness. The most powerful members of the Euro-zone can broadly evaluate their present socio-economic status, if their respective economists apply an integrated and yet relative approach to the versatile wellbeing of a common man. We may have a comparative broad view of this versatile wellbeing as follows:

Table 2				
Parameters of versatile wellbeing	Germany	Britain	France	Italy
➤ Basic economic stability	5	3	2.5	2
➤ Competency upgradation	4	3	3	2
➤ Social status	5	4	3	2.5
➤ Economic sustainability	4	2.5	2.5	2
➤ Overall advancement	4	3	2.5	2
Total Score (Out of 25)	22	15	13	10
*Scale of '0 to 5'				
5 – Outstanding, 4 – Very Good, 3 – Good, 2.5 – Average, 2 – Poor, 1 – Very Poor & 0 - Nil				

It is interesting to note here that the western economists initially applied their own typical parameters to evaluate the mysterious economic progress of China and could not reach any conclusive formula or design which could unfold the China story. It was only after the year 2009-10, the western economists (who learned a few unexpected lessons from the fall of American capital and real estate markets) started thinking differently and subjectively to analyze China's robust success. Yet this analysis is not complete, authentic and useful. Actually, China's economic story is a complex mix of three economic styles (as I call them), which may be presented as follows:

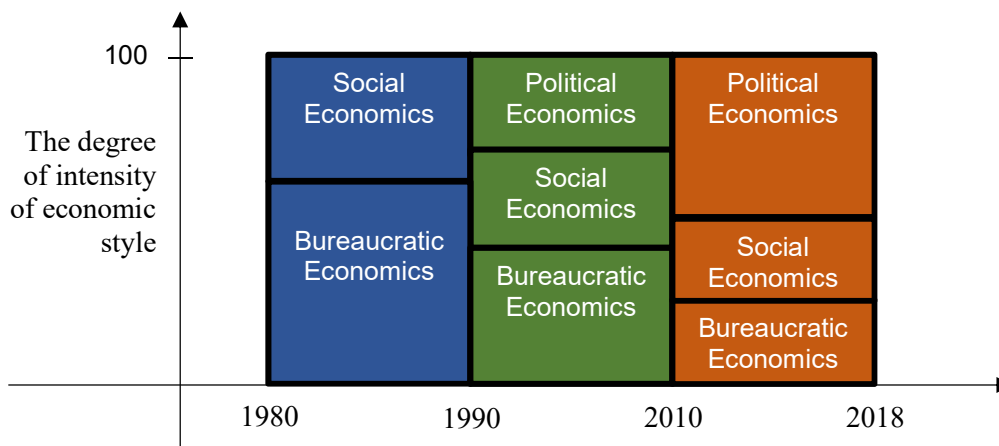


Fig. 2: Mix of Economic Styles

Post 2010, China started playing the dangerous games of political economics to hide its economic failures (or slowdown). Geopolitical adventurism, BRI, loans advanced to the poor Asian and African countries, artificial protection given to Chinese banks and state enterprises and growing dominance of the politburo in most of the areas of economic activism are some of the obvious examples of these dangerous games. The China story illustrates the importance of understanding the DNA of an economy. It need not be a clinical exercise as it sounds. Rather it is a subjective understanding of the human factor that determines a certain cultural journey of an economy. The western economists could not notice this cultural journey as they heavily depended on a mathematical analysis of China's operational economic tactics. If we excessively get engaged with the assessment of economic tactics of a country, we neglect its deep-rooted economic strategies. Tactical references provide a short-term perspective of an economy but are not useful to understand its DNA.

If the DNA of a country is broadly understood, its economic journey can be viewed more accurately. It is this DNA, which makes the global economic relationships complex. The WTO design of trade relationships does not consider this DNA systematically hence it is more tactical and less strategic. Let us look at the DNA of a few influential economies and connect it with the economic style:

Table 3		
Economy	DNA	Economic Style
USA	Entrepreneurial DNA of the capitalist rich and systemic DNA of the poor	A mix of capitalist and bureaucratic styles
China	Exploitative & dominant DNA of the members of Communist party and robotic DNA of the masses	Capitalist for the state and socialist for the common people
India	Exploitative DNA of the rich and superstitious DNA of the poor	Political for the rich and bureaucratic for the poor
Saudi Arabia	Exploitative DNA of the rulers & their agents and robotic DNA of the masses	Political for the rulers and bureaucratic for their subject
Britain	Conservative DNA of the rich and robotic DNA of the poor	A mix of capitalist and systemic styles
France	Historic DNA of the rich, entrepreneurial DNA of the middle-class and robotic DNA of the lower middle-class	Capitalist for the rich and socialist for others

Germany	Entrepreneurial DNA of the rich and conservative DNA of others	Capitalist for the rich and systemic for others
Russia	Exploitative DNA of the rich and robotic DNA of others	Crony capitalist for the rich and communist for the masses
Indonesia	Exploitative DNA of the rich & their agents and systemic DNA of the masses	Capitalist for the rich, socialist for the middle-class and bureaucratic for the poor

World-over the middle-class people have become lower middle-class and the lower middle-class have become poor, if we consider the relative purchasing power of the respective currencies. Moreover, these people do not enjoy the same happiness index, which they used to enjoy three decades ago. Here again the western economists could not exactly carry out a diagnosis of this backward economic journey as they didn't differentiate between the DNAs of the countries like USA and India.

Most of the western economic ideologues got stuck with an extreme application of the doctrines of freedom of entrepreneurship and market economy for many decades. They were ideologically afraid that the ugly communism would surface again and restrict the liberty of capitalism. This frightened mind always compelled them to advocate another extreme of 'freedom of capitalism from the state's socialist laws'. This extremist emphasis on the freedom of entrepreneurship gradually led them to an all-time powerful status of the crony capitalism. If they would have used the integrated approach to economics, they could have probably guided their respective governments to assess and avoid today's draconian effects of crony capitalism. As this was not done, people are losing faith in genuine capitalism too.

An integrated approach to economic analysis can simplify the understanding of the vicious circle of cronyism to populism. This requires the economists to put a common man at the center of their economic modeling. The jungle theory of survival of the fittest was repeatedly and mindlessly applied by many western economists while advocating the so-called sacred role of the market. These people, for many decades, believed that privatization could solve all the problems of mankind. While doing so, they conveniently forgot that an unchecked privatization was a limitless permit for the crony capitalists to play havoc. This has been unfortunately found very painful in the democratic countries. Let us look at this vicious cycle:

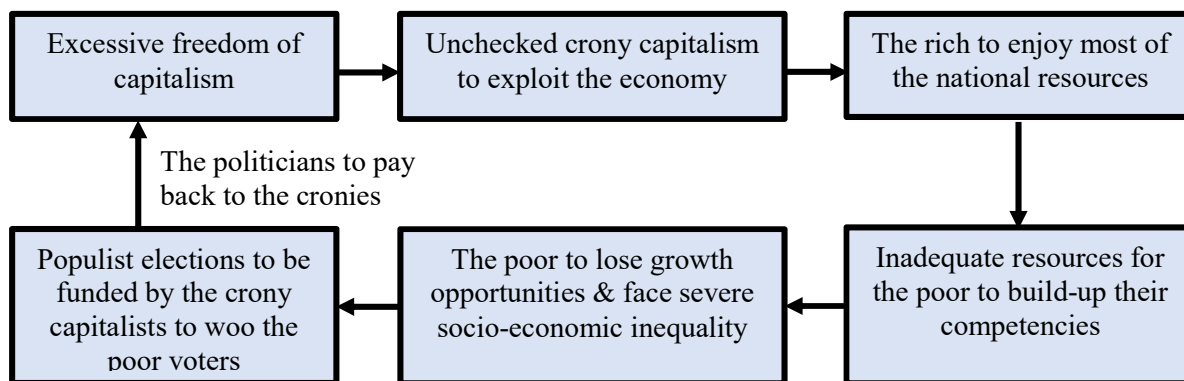


Fig. 3: Vicious Cycle of Cronyism to Populism

Time and again it has been proved that the ultimate impact of crony capitalism is the politicians resorting to populist nationalism. In other words, social economics gets replaced by nationalist economics. The crony capitalists normally prefer a protected economy to enjoy full political (or government) patronage. They play on a safer home ground where the rules of the game are already manipulated in their favor which restrict the entry of strong external competitors and crush the entry of local small contenders. To conclude, crony capitalists and crooked politicians make the democracy a farce, be it the case of USA or India.

The western economists need to revisit their definitions and assumptions prescribing the critical economic concepts such as freedom of capitalism, poverty & relative competencies, relative socio-economic inequality, populism & political economics, accommodating fiscal deficit to run the welfare programs for the poor etc. As mentioned in the earlier paragraphs of this paper, the western economists need to evaluate the inherent weaknesses in the structure of an economy and not just conduct a segmental analysis of the issues using the orthodox parameters.

3. Major areas of economics where the western economists need to reorient their thinking and approach

3.1 Equilibrium of an economy's drivers

One major reason for the continued deterioration of western economies is the disequilibrium of their driving forces. As stated earlier, the continuity of this equilibrium was mostly left to the market to decide. Any economy, rich or poor, developed or developing needs the following basic equilibrium:

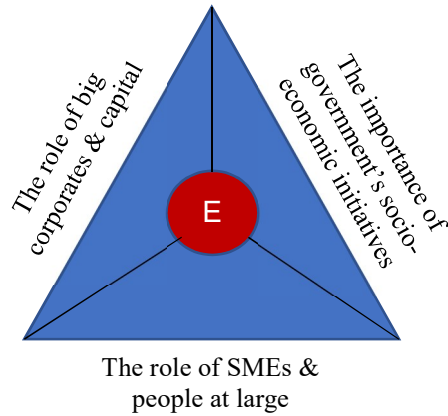


Fig. 4: Basic Equilibrium

The western economists have not developed any qualitative model of socio-economic equilibrium so far. Especially after 1990, most of the governments of developed economies do not have a suitable model for public welfare. There is a huge competency gap between an average American worker and a German worker. The German government spent considerable resources on building-up contemporary competencies of its people. Germany also emphasized the role of SMEs in maintaining regional economic activism and creation of jobs. On the contrary, the USA, South Korea and Japan didn't monitor the monopolistic (and exploitative) role of their big corporates.

3.2 Equilibrium of an economy's sectors

The western economic ideologues while emphasizing the three consecutive waves viz. agriculture, manufacturing and servicing, didn't pay enough attention to the integrated and balanced impact of these sectors. As a result, many economies unfortunately overemphasized the service sector (and now nano technology to that effect) at the cost of agriculture and manufacturing. This negligence created an unimaginable pressure on the service sector to create jobs and maintain the growth momentum of the economy. Right from the USA to Britain to Russia, almost every economy is facing this serious sectoral disequilibrium which reflects in the transactional disputes presented on the WTO platform. This disequilibrium will have to be viewed together with the deterioration in each economy's capacity to sustain itself against global slowdown. In other words, the global economic activism is seriously threatened today by the basic unanswered challenges of loss of jobs, stagnation in primary economic growth, negligence towards new capital formation & investment in new infrastructure and loss of innovative rigor in the manufacturing sector etc. The developing economies like India, Brazil

and South Africa learned a few lessons from the developed economies and are timely working on this possible sectoral disequilibrium. The common people from the developed economies have almost lost their happiness index especially during last three decades. A logical reasoning for this loss may briefly be presented as follows:

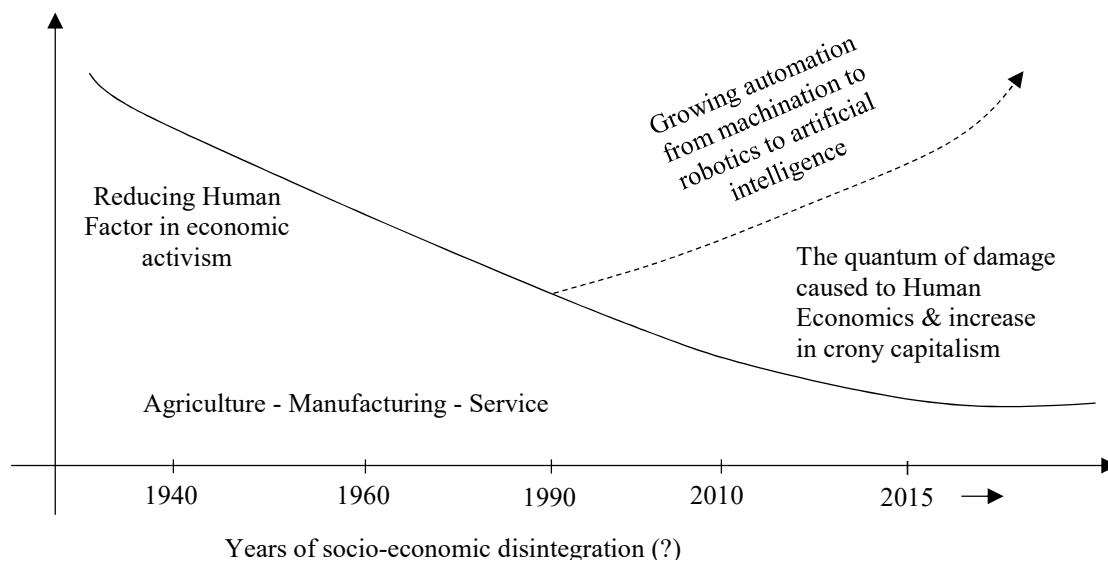


Fig. 5: Reasons for Reduced Happiness Index

3.3 Measuring the development status of an economy

It almost becomes ridiculous when the Japanese economy faces serious stagnation and yet enjoys third rank among the economies of the world, on a few traditional parameters. It is now well known that the growth indicators connected to an economy's GDP are absolutely inadequate and inefficient in guiding the exercise of both, long-term and short-term economic planning. China's GDP growth has impressed the world for two decades but inherently it is facing a qualitative deterioration in terms of natural environment safety, people capability, rural economy management, social integration, private entrepreneurship and quality of political governance. The western economists mostly separated social economics from political governance, which created confusion in defining the long-term socio-economic stability of a nation. The examples of Brazil, Venezuela, Saudi Arabia, Italy and Spain amply provide the evidence of a serious disconnect between the measurement of quantitative economic growth and qualitative socio-political maturity. On a different note, this can also be said about Japan whose economy has got stuck in self-created, multi-angular stagnation. The western economists will have to rigorously work on a new, comprehensive, sustainable and meaningful development index. This index should primarily take care of a versatile measurement of a

nation's inclusive, sustainable, equitable and participative economic growth. A linear matrix (with its mathematical limitations) of the development index may be presented as follows:

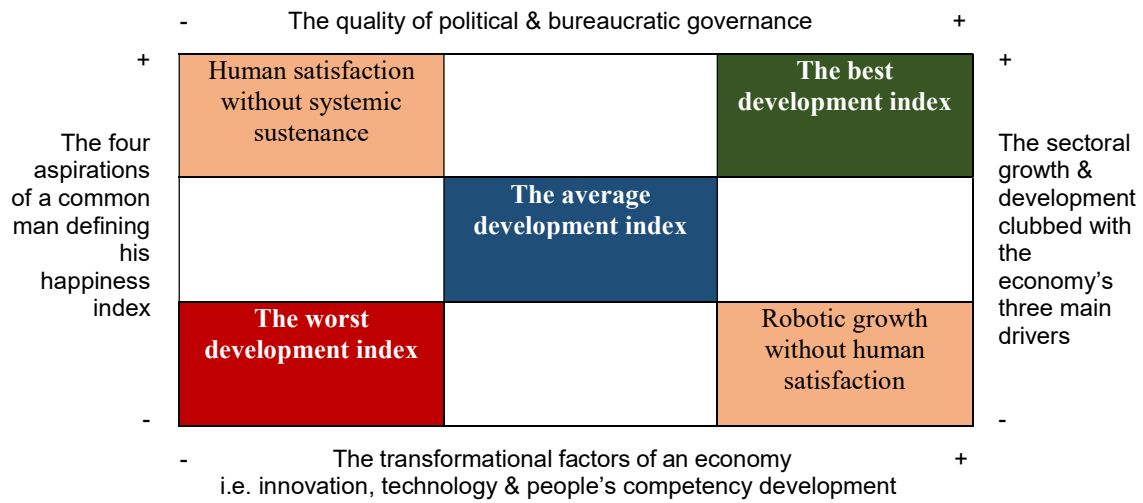


Fig. 6: Development Index

We may attempt to apply this liner matrix of development index to a few influential economies as follows:

Table 4					
Influential Economy	Application of the Development Index (*scores on '0 to 5' scale)				
	Sectoral equilibrium & performance of the economic drivers	Impact of transformational factors	Happiness Index of a common man	Quality of political & bureaucratic governance	Development Index (Total score Out of 20)
USA	3	2.5	2	3	10.5
China	3	3	2.5	2	10.5
India	3	2.5	2.5	2.5	10.5
Saudi Arabia	2	2	2	2	8
Britain	3	2.5	2.5	3	11
France	3	2.5	2.5	3	11
Germany	4	4	3	3	14
Russia	2	2.5	2	2	8.5
Indonesia	2.5	2	2.5	3	10
Japan	3	3	2	4	12
*Scale of '0 to 5'					
5 – Outstanding, 4 – Very Good, 3 – Good, 2.5 – Average, 2 – Poor, 1 – Very Poor & 0 – Nil					

All the above four components of the Development Index may further be analyzed and measured through their respective subcomponents. For example, the happiness index of a common man may be further divided into economic, intellectual, cultural and social happiness or the transformational factors can be defined as the impact of breakthrough innovation, investment in technological infrastructure and new employable competencies of the common workers. The components of Development Index are interdependent variables to a large extent and therefore their connectivity should not be just measured quantitatively but it should be viewed qualitatively for appreciating their abstract interdependence. For example, Japan's score is second highest after Germany but its happiness index is poor. This compels us to look at the societal system or DNA closely. The happiness index of the USA too is poor although the quality of its political and bureaucratic governance is good. This too indicates that there is something seriously wrong with the American societal system. China's story can be unveiled if we carefully analyze its Development Index. The inherent weaknesses in its socio-economic model can be unearthed to forecast its economic journey broadly during the next five to ten years. The western economists will have to develop an integrated approach to exactly understand the connection between Japan's economic stagnation and its social DNA.

3.4 Too much and too micro mathematical analysis of the mostly known facts

Probably it has become customary in the academic world of western economists to conduct a deep, quantitative analysis of a micro (or mini-micro) economic issue and reach only quantitative conclusions which are broadly known. From the year 1950 to 1995, quantitative applications to economics reached a level of excessive and deterministic conclusions serving a limited purpose. Most of the western economists either hesitate or systematically do not attempt to connect the various segmental micro observations and conclusions to see a macro integrated picture. For example, the consumption patterns of the American consumers are thoroughly analyzed to understand the pricing function of the market along with a deeper correlation between demand and supply. But the impact of consumption on the household savings, the domestic loans, creation of fresh capital and high cost of living are not analyzed and connected with the economy's inherent strength or weakness. The American economists carry out a thorough analysis of the taxes paid by the American multinational corporations but neglect the adverse impact of their functioning on America's collective performance in the field of innovation. These economists probably enjoy too much of mathematical and algorithmic

analysis of micro, independent variables which do not adequately support in the long-term economic decision-making process. After 1990, as the economies started getting connected with the Asian and African economies on a much larger scale, the western economists gradually started realizing that the socio-economic solutions cannot be robotic, quantitative and deterministic. As stated earlier, this was mainly because most of the Asian and African economies have not been working on perfect market hypothesis. Even the twenty-eight odd members of the European Union realized it very late that their DNAs are inherently different. Germany's aloofness, Britain's exclusiveness, France's social confusion and the Italian carelessness cannot be tackled with one single quantitative model.

The American economists understood the possible grave effects of economic inequality, expected to occur in next decade, on the sustainability of their economies. Unfortunately, they continue to search the reasons of this inequality in a segmental manner based on limited and deterministic factors which could be connected to each other through an arithmetic algorithm. Initially these reasons were found as fiscal and monetary. Later on, the analysis reached to a point of identifying the ill-effects of crony capitalism. Very recently these ideologues found that the causes of American economic deterioration are quite deep-rooted. They are not just economic. The socio-cultural fabric of American life style, the business and earning models used by American entrepreneurs, the rapid deterioration in American people's employability and the short-term gain from cheaper Chinese goods were all interdependent causes which damaged the basic frame of American economy. Such a complex and unique situation cannot be evaluated by using oversimplified quantitative parameters. The situation demands more of strategic reforms to be executed with operational excellence and tactical management of varied types of hurdles.

To use an analogy, the western economists thoroughly understand the trunk, tail, legs and stomach of an elephant but they cannot see the whole elephant in totality. They can deeply assess the impact of ugly financial derivatives but do not challenge the basics of fundamentally wrong financial engineering. The American banking system (along with the British banking system) claims to have developed many interesting financial products but could not present simple investment avenues for the American middle-class investors. It is well understood that a mathematical model can resolve a few complicated situations, cancel unreasonable solutions and reach to a right conclusion or decision. It cannot give an objective answer to a subjective situation or question. The right solution comes out when all micro and quantitative conclusions

are connected with each other meaningfully, comprehensively and if required subjectively. For example, the American superrich cannot be easily convinced to sacrifice for the American poor unless they are shown at least a few long-term, definite advantages of such sacrifice. Now this proposition involves many subjective assumptions which are to be pragmatically and collectively considered to reach an acceptable model. The western economists should frankly admit a fact that subjective solutions can be selectively better than no solutions, because every economy works with pragmatism and not with quantitative perfection. When economics is a social science, it cannot be narrowed down by the oversimplified mathematical iterations. This is for a simple reason that where there is a society, there is a subjectivity.

3.5 Revisiting the WTO, IMF, World Bank and many other global institutions

Not just the western economists but all of us need to evaluate the role, structure, processes and policies of the global institutions in a radically changed global scenario. As I stated earlier, the design of the WTO has been effectively used for conducting and regulating the international trade but not for strengthening the weak economies. We need an institution that should mainly work on basic or structural reforms of the economies and create a sustainable, inclusive, participative and equitable global economic activism. It is sad to notice that the following global and regional incidents are badly impacting the performance of the global institutions, especially the WTO and the western economists are not appropriately integrating them for a total view to reach pragmatically acceptable solutions:

- Excessive use of pseudo nationalism in the game plans of competitive politics by the leaders of USA, Britain, India, Russia, China and Japan
- Institutional heads proposing and using short-term tactical solutions like quantitative easing, monetary policy mechanism etc. to address the long-term strategic issues
- Big players threatening each other and impacting the economies of small countries very adversely
- Misuse of formal and informal banking channels by the crony capitalists whose presence at the global institutions has increased to an alarming level
- Member countries are more bothered about their short-term trade deficits than the long-term issues of building new infrastructure, developing new technology and reviving the basic sectors of agriculture and manufacturing

- Countries like China and Russia are further complicating and deteriorating the structures of regional economic cooperation as these countries are indulging in serious geopolitical aggression.
- Many African and Asian countries are piling up liabilities of international debt to meet their short-term populist obligations. This has seriously damaged the basic frame of their economies.

There can be a long list of these damaging and disestablishing incidents which have made the socio-economic survival of common people an uncertainty. The western and eastern economists will have to work together to create a new mechanism which will arrest this global deterioration, support socio-economic cooperation and collaboration, nullify the negative adventurism of some of the warmongering countries and build up a sustainable formula to share global resources in the most equitable manner. If the economists of the world do not work on this new, powerful global institution then certainly the world would rapidly move towards a socio-economic collapse. This very possible collapse is evident if we keenly look at the following possibilities (with an element of abstract subjectivity):

- China and Russia are aggressively using their geopolitical tactics to suppress domestic economic frustration. This has already impacted the defense budgets of Japan, South Korea, Taiwan, members of European Union, India and Philippines.
- The oil reserves are rapidly diminishing hence countries like Iraq, Iran, Saudi Arabia, Oman etc. need alternate economic programs. Instead, these countries are getting into a serious regional war.
- Except Germany, the other members of the European Union are not seriously working on strategic long-term reforms
- With the growing disputes among the important members of the WTO, this institution is losing its credibility very fast.
- India, USA, France, Italy, Brazil, Mexico etc. democratic countries are resorting to illogical economic programs, which can damage their long-term stability.
- Pakistan, Afghanistan, Saudi Arabia and China are indulging in regional political conflicts on a bigger scale.
- USA, although enjoying its shale gas, has not found pragmatic answers to its strategic issues like income inequality, unemployment, inadequate competency of the workers, growing greed of capitalists, declining standards of political governance.

Instead of working in an isolated manner on the micro issues, economists should think ‘macro’ and save the global economy from a possible collapse. They need to work on a massive transformation as below:

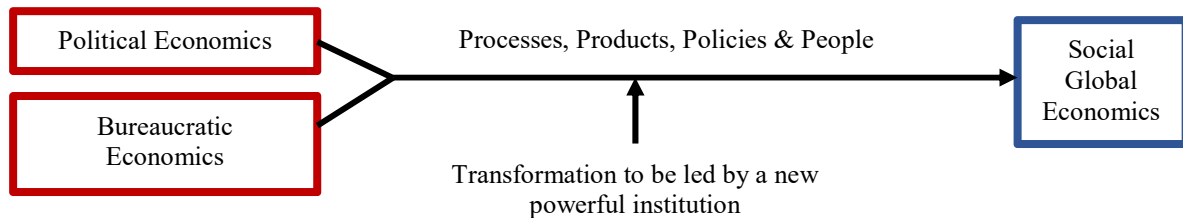


Fig. 7: Transformation

The western economists need to revisit their orthodox ideologies and design new, vibrant, sustainable and pro-poor economic models considering the following realities:

- Fiscal and monetary deficits and their connectivity with pro-poor programs.
- A balancing act between consumption-based and saving-based economic planning
- Financing of the SMEs and agriculture using pragmatic parameters of value-addition to the economy
- Quantitative easing, national liquidity and power of the currency
- Taxing the rich at a higher rate to raise funds for financing the pro-poor programs
- Long-term investment in basic infrastructure (like competency development, housing, medication etc.)
- Avoiding fictitious financial products and restricting the unreasonable bail-outs of the corporates and banks
- Regional and global cooperation for the movement of capital, labour, technology, ideas and other resources
- A pragmatic control on ‘collaborated monopolies’

3.6 Holistic accounting of the performance of big corporates (both, domestic and multinational)

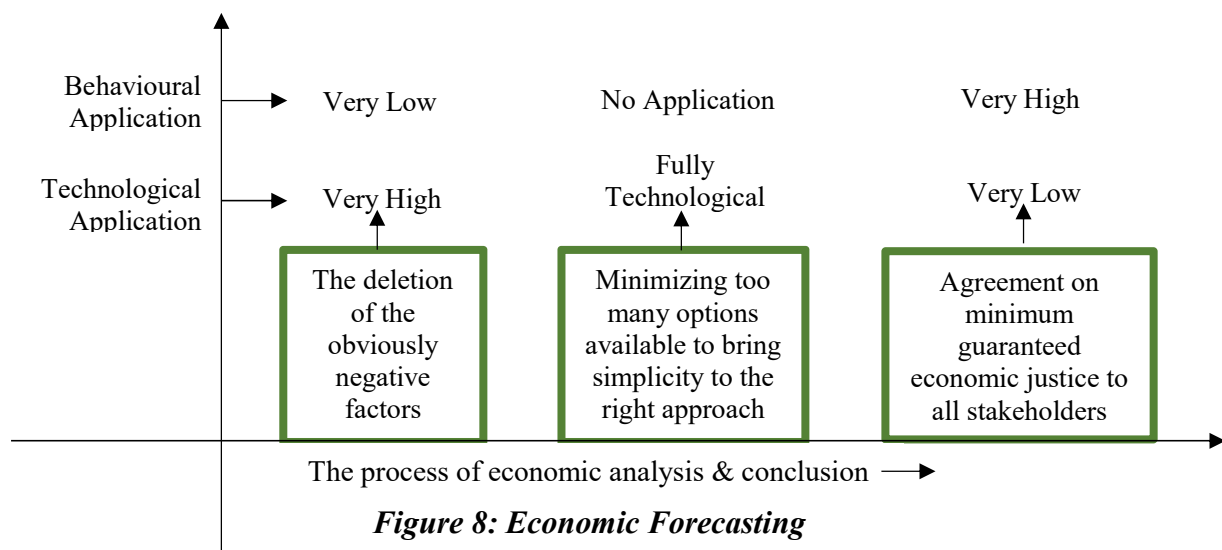
During last three decades, most of the multinational corporations served the purpose of their mighty shareholders at the cost of welfare of common people from the countries of their origin and operations. These corporates used their might to apply most of the doctrines of crony capitalism to rapidly appreciate the wealth of the self-centered shareholders. Misuse of tax and

patent-related laws, damage to the natural environment, monopolistic consumption of natural resources, destruction of the competition, hidden & indirect patronage by the politicians, consumption of hidden subsidies & exemptions, exploitation of workers & vendors, misuse of bank finances and misbehavior at most of the stock exchanges have been the tactics of these so called 'global collective entrepreneurs'. Both, the western and eastern economists should develop a measurement model of holistic accounting to evaluate the true contribution made by the multinational companies to global economy as well as to the economies of their own countries. In other words, we need an objective and comprehensive model for conducting a cost benefit analysis of the gains enjoyed and sacrifices made by these multinational giants. Most of the indirect and hidden advantages are not presently accounted to arrive at a true and net contribution made by these corporations to global humanity in long-run and financial revenue in short-run. Countries like the USA, South Korea, Japan and now India are seriously facing a dilemma of treating these multinational conglomerates amicably. The declining performance of the US economy is also a result of the crony socio-economic behaviour of these corporate sharks, which seem to be beyond appropriate repairs, for their size and influence. The biggest threat of these conglomerates is to the social priorities of the democratic countries. These social priorities mainly include a right use of natural resources, promotion of small business enterprises and an upliftment of the downtrodden people. Countries need the capital, technology and inventions made by these big corporates to put their economies on a fast track of growth. But this cannot be at the cost of long-term sustainability of a nation's ecosystem, socio-economic equality and inclusion of the weak in the main stream of economic activism. The economists will have to develop a model that would capture and measure (although with a degree of subjectivity) the qualitative performance of the influential corporate capitalists.

3.7 Technological applications to economic forecasting

Economists working in the specialized areas of corporate finance or business economics, portfolio management and financial engineering are lately realizing the importance of 'behavioural economics'. What they are presently missing is the application of these behavioural patterns or theories to the suddenly or abruptly taken economic decisions by the national leaders, central bankers and corporate CEOs. Sometimes, when these leaders do not visualize complete and objective answers to the conflicting economic issues, they intuitively apply the theory of chaos with a certain calculated risk and reach at least suboptimal solutions. For example, America's president Mr. Trump is working on the trade relations with China,

medical insurance subsidies for the poor Americans and creation of semi-skilled jobs for lesser educated young Americans. Apparently these three initiatives look unrelated. But if we attempt to connect them with the basic design of USA's economy, we find a common thread of minimum purchasing power & savings sustained by the American families with great hardship. The complexity of the interdependence of the above mentioned three initiatives could probably be compared with the complexity of the game of chess played by two equally eminent players who get stuck in the middle of the game for too many options of a strategic move to be played which would virtually lead to a possible victory. A leader like Mr. Trump, his economic advisors and subject specialists also are stuck in the middle of the game comprising of conflicting interests and possibilities. An economic puzzle that would impact the life of millions of people will have to be solved most amicably, which would require a pragmatic combination of (i) deletion of obviously negative factors (ii) emphasis on minimum guaranteed result with most minimum conflicts and (iii) pragmatic certainty of the approach to reach such a result. This combination should be possible if it is supported by a facilitating mechanism that would comprise of (i) quantitative applications to delete the obvious negatives (ii) advanced quantitative applications to minimize too many options available to reach the minimum guaranteed result and (iii) broad behavioural patterns which should amicably resolve the conflicting objectives. This mechanism obviously would require a reconciliation between the signals offered by analytical technology and the intuitive responses by the decision-makers. These intuitive responses shall be a fair combination of emotional intelligence, professional intelligence and quantitative intelligence. The western world is certainly ahead of the developing nations like India, China and Brazil in terms of application of artificial intelligence. But the western economists used to work on a single-track economic simplicity as their economies were well organized for many decades. It is the economists from the developing and poor countries who have been exposed to conflicts, contradictions and complications of socio-economic variables, especially on the background of limited resources and public maturity. This exposure possessed by the eastern economists should be very useful for the western economists to define the pragmatic behavioural patterns. The western ideologues should realize that technological applications alone won't add accuracy to their economic forecasting. This may be exhibited as follows:



The western economists should appreciate a practical fact that any technological application to economic forecasting would be very effective if the behavioural patterns are well understood to resolve the subjective interpretations of the complicating claims made by various stakeholders.

3.8 Religion and Economics

The western countries could separate religion from economics to a great extent since 19th century. The impact of religion, racism, regionalism and radicalization on economics continues to harm global economics in the 21st century. Most of the rational theories of economics are not applicable to many Islamist countries today. Unfortunately, the western world treated these countries as a captive source of crude oil and a market for readymade goods produced by the western countries. One of the serious dimensions of Islamic threat to global harmony is ‘economic’. There is a growing perception among the Muslim youth about the reluctance of the rich western nations who only exploit the oil reserves and support the royal families of the Islamist countries. Growing fundamentalism in Indonesia and Malaysia is also a result of economic failure of their governments and corruption of the crony capitalists who are consuming the natural resources for their self-interest. Governments in democratic countries like India too, resort to religious gimmicks when they do not deliver on the economic front. A country like Israel too uses religion as a shield against the people of Palestine who demand a genuine share in the regional economic progress. Many right-wing political parties, to support their exploitative orthodox tactics, take the shelter of religion and culture. The western

economies and their economists cannot function in isolation especially when their rich world now got integrated with the poor world. During the coming decade, the conflict between the 'haves & have nots' will be given a religious or cultural colour to hide economic exploitation. Its process has already begun. Surprisingly on the other side, China's Communist Party has developed its own political autocracy, which deals with different countries of different religions with same geopolitical agenda based on its own hidden tactics. The western economists could not yet decode the exact socio-economic model and geopolitical game-plan presently being used by China. Therefore, the USA and the European Union are not able to exactly strategize their economic relationship with this expansionist country. The western economists should not evaluate China's economic might, apparently looking at the hardware of its economic model. The software of China's economic journey is more social in terms of robotizing its entire society. The social frame is weak, which will not sustain China's economic growth in long-run. Already its growth rate has declined and therefore it is looking at geopolitical solutions to cover-up the economic failure in near future.

3.9 Real structural reforms for activating 'people participation' in collective economic programs

The people of USA or India or Saudi Arabia or Japan are not in a driving seat of their respective economies. Right from their routine economic activities to special development programs, almost everything is decided or influenced by the capitalist bodies with political and bureaucratic support. The serious economic gap between the rich and poor is a result of absence of collective economic activism of the common people. This is also a result of people's conceptual inability to understand the structural flaws in their respective nation's economic policies, doctrines, practices and culture. The western, especially the American economists will have to seriously look at the real root causes of the present pathetic condition of common Americans. I may present it as follows:

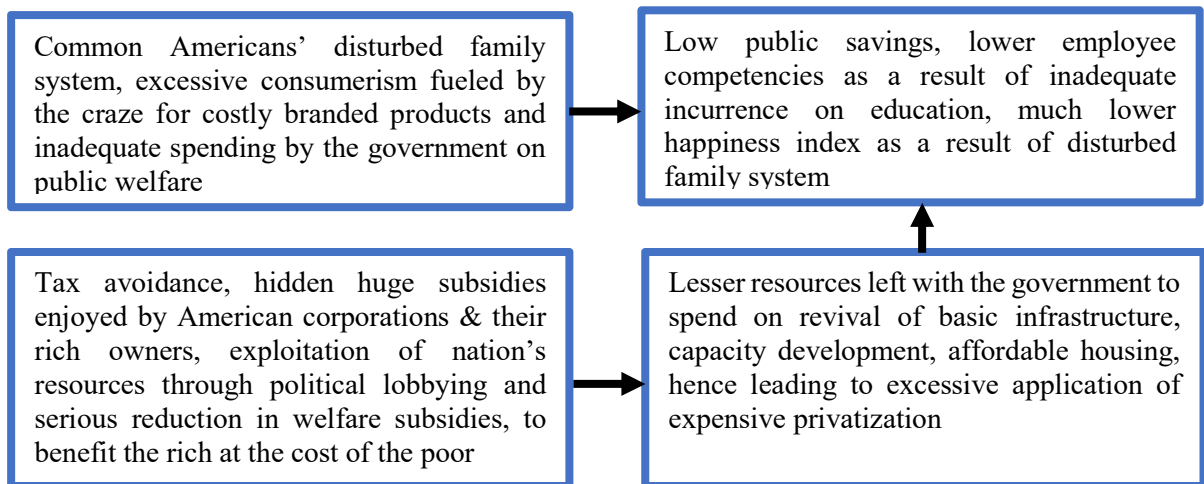


Figure 9: Causes of the present condition of common Americans

Today's common Americans are caught in a vicious economic cycle. They are suffering from a socio-economic system which has deteriorated to the level of a serious patient suffering from multiple organ failure. The American economists will have to reorient their thinking about their fellow common Americans and build-up a virtuous cycle of:

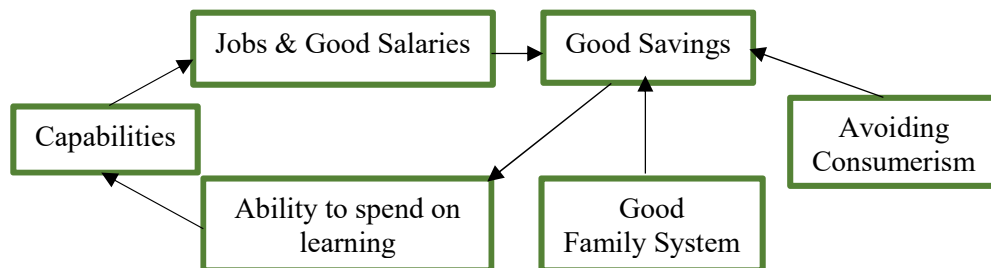


Figure 10: Virtuous Economic Cycle

Opposite is the case of Japanese economy. The Japanese people need a big boost to their positive economic activism as follows:

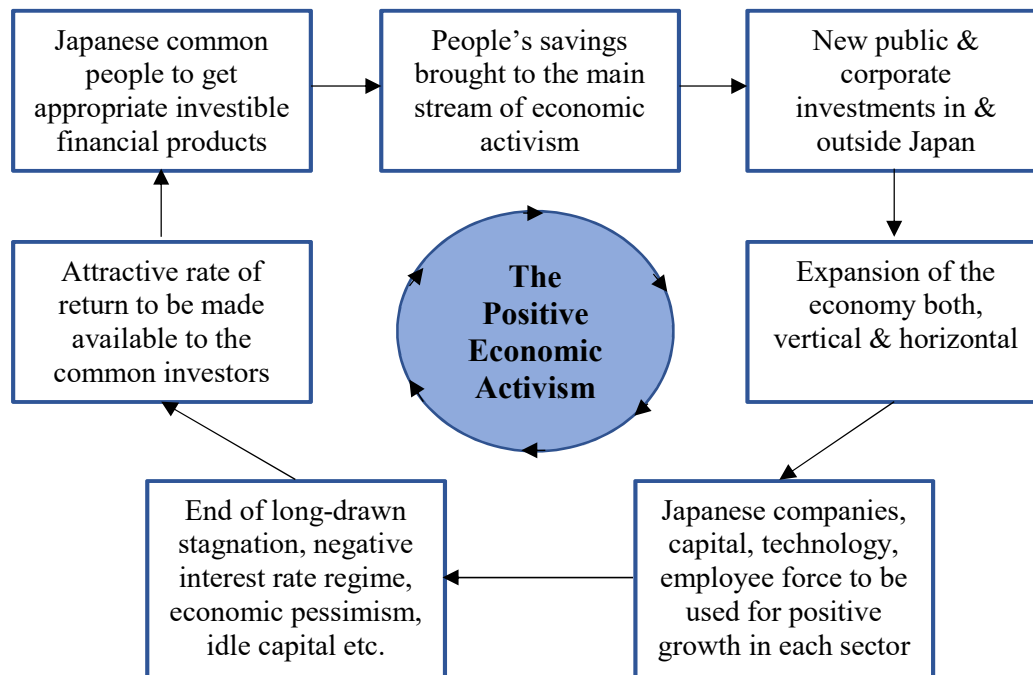


Figure 11: Big boost to Japanese Economy

The real structural reforms to activate the collective economic programs would require an integrated view of the following interdependent factors (with a reasonable degree of social subjectivity):

- Pragmatic fiscal deficit management to support the poor
- Long-term investment in capability building for which the rich should sacrifice
- Suitable investment products for the common investors to boost public savings
- People to ‘save more, spend less’ in USA and ‘save less, spend more’ in Japan
- Eradication of corporate and banking frauds and pseudo financial engineering

4. Conclusion

The western economists certainly need to reorient their thinking in terms of both, ideology and approach. Their ideology will have to be more global, participative, accommodative and be based on a versatile (although subjective) understanding of the global economy. At the ‘center of analysis’, they should put a common man so that the extremes of right and left thinking could be avoided. Their approach to economic analysis need not be only quantitative, which cannot address the complex, qualitative interdependent variables. Unless they connect together the various micro parts of their analysis, a macro and complete picture of an economy won’t

emerge. They need to combine both, quantitative objectivity with qualitative relativity of many known and not so well-known factors impacting the global economy. They should revisit some of the fundamental economic concepts, doctrines and assumptions, which they have been using for decades. These will have to be revised or reframed to better understand the new global economy, which is passing through uncertain times.

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