

Book 1

The Anatomy of Economy



By
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Three book Series

analysing the root cause and suggesting
Solutions to end The World economic disaster
& ever growing Poverty all over the world

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Stories are Great help!

Stories are great help for remembering important concepts. I will give stories for most important concepts.

You will find quite a **few stories** in this book. They are meant to help readers in retain the **concepts**. provided in this book

Introduction

Both, the present **Global economic down turn** and **poverty lasting several centuries** are not natural.

Economics is not a Nuclear Physics.
Every man can understand it.

It is a easy to understand. It is no more than a simple plot by knowledgeable against knowledge.

Unless the common man understand economics and the politics associated with it, the poverty and economic crisis will continue for ever.

The New: *For The past couple of decades the entire world is in the midst of Economic downturn. But no solution is in sight, even in the distinct future. Other contrary, the problem is getting deeper. This Is a new problem to the world.*

The Old: *Technology has enabled faster and higher volume of production of Good and services. Yet, the majority of the people in most countries are **poor**. This is relatively the older problem.*

*The economic activity **could not** be brought back on*

its rails by **Leaders** of the world's large economies.

The leaders of political parties talk about poverty during election campaigns. Promise the poor of better days after they come to power. Leaders come and leaders go. Tall leaders fix even time to eradicate the **poverty**. But the poverty remains for ever.

If there is an action on the ground that is merely symbolic. But, till the next elections no one speak or does anything to mitigate poverty.

The leading economic **wiz-kids** from worlds leading economic school also have no clue to solve the problem, in the last couple of decades.

Then who is left? **The common man**.

Can the common man consisting of **Poor** and **middle class** achieve something that the most powerful leaders and economic scholars trained in the world's leading economic schools failed?

The answer is, **YES!**

What is the problem?

The people and products are growing in number. But consumption of products by the people is becoming lesser.

This means that more and more people are losing the **power to consume**, year after year.

Until the economic downturn began, it was only the **poor** among the common man suffered the "inability to buy". Now **middle class** also joined them.

The Root Cause of the Economic Problems - Knowledge!

Men-of-Knowledge, Philosophers, thinkers, Saints, Sufis, Zen Masters) are people with highest knowledge in any society.

However, these people do not form part of any economic discussion by their very pursuit that is non-material.

- 1. Natural economic** *environment turned into, increasingly, a managed one. The managers of the economy, are taking the economy in weird ways.*
- 2. Wealth of every society Flow** (irrespective of Developing or Developing economy) *largely, outside the society.*
- 3. Common man** *does not get their due share of their nation's wealth.*
- 4. The Leaders** of both developing and developed societies see a great need for money for two different reasons. Leaders of **Developed** countries spend the money in other economies to increase their economic muscles for a dominant position in the world. In developing countries leaders seek enormous money both to run their political activity and political survival. So they produced **demons**, the Crony Capitalist.
- 5. Crony Capitalist** : *Every society has a small group of citizen, with a distinction of being the most knowledgeable among the citizen who are*

drawn into the economic activity of the world,

*With the active support of the leaders and through several **Overt** and **covert** means these special men corners the **bulk of the wealth** in every society. These crony capitalists share a small portion of the spoils with those who created them.*

Still worse, they stash the wealth away to other economies through legal and illegal ways.

*What are the damages that the **Crony Capitalist** do?*

*(i) **Wealth** : Societies produce wealth from its natural resources with the help of human resources.*

*(ii) **Vanishing** Wealth, A substantial portion of this wealth vanishes from one society to another. This happens invariably in developed, developing and undeveloped societies..*

*(iii) There are those in all the societies producing **Pseudo Products**.*

*(iv) There are those creating **Pseudo money. Or pseudo wealth**. Pseudo wealth is a way of **sucking** the wealth from the common man. This can be compared to adulterating water with milk and selling it for the price of milk.*

*(v) **Pseudo wealth** is easy way to stash wealth to other societies.*

*(vi) It is the people who created, the **Leaders**. They are more knowledgeable than the common man, Many evil leaders among them qualify to be referred as the **demons** in the society, The*

Demons in turn, created another set of demons from among the **capitalists** in the society. The demon among leaders who created demons from Capitalists, can be called the **Super Demons**.

Common man

Not only the Leaders in the societies, Economic theories also ignored the common man

People are **central** to economics. But, the major flaw in the **modern Economic theories** is that it is centered around Profit-Maximizing and not people.

The **politics** and **Economics** across the world societies Ignored the human element.

Leaders are ever willing to sacrifice the health and wellbeing of their citizen for increased GDP.

Allowed **Pseudo wealth** to grow several fold the real wealth either due to ignorance or trusting the ignorance of citizen.

No leader, the largest or strongest, seem to any clue about how to stop the reversal and bring normalcy back on rails.

WHO CAN DO IT?

“The Common man”.

To the readers, might see the suggestion could be seen both **bizarre** and **far fetched**.

When once gone through the three short books

every one will agree that, that is the only way the economic chaos can come to an end.

How to End
THE WORLD ECONOMIC CRISIS
& Poverty
The three books!

*This book is the first in the series of three small books written so that every **literate person** can read and understand all about Economics, unambiguously.*

*Together, the three books will help any one Understand who is our society is responsible to **Economic downturn** as well as **poverty** all over the world.*

How and who can restore the economy on its track so that poverty if not eliminated entirely can be brought to absolute minimum.

The second book is, titled

The Dance of Demons.

There are the two types of demons who were created by people in the society. It is their dance which is responsible for the destruction of the natural fabric of economy.

This book discusses all about demons. That includes who created them. With what objective were they Created, what the demons do to destroy the economy.

The third book is titled

Taming the demons.

This book explores the solution to bring the economy back on its rails and distance poverty from civilization.

Metaphorically we ask, "How to control the demons, whose dance destroyed the economy of societies".

This will be discussed in this book.,

*This book explains how the common man consisting of poor and middle class will usher-in the era of peace and prosperity by **taming the demons.***

Common man in Delhi will kick start the process and the leaders among common man will show the way.

N Natarajan

Bangaluru

PART I

- Two types of economies.
- Role of Knowledge in Economics

Chapter 1

The Natural & The Managed Economies

Natural Economy:

Individuals, or small communities decide what to produce and where to produce and where to distribute their products and services.

The people is not constrained by the decision of a few leaders on what to produce, to whom to distribute and who would consume.

The the three tasks of economy namely (1) Production, (2) Consumption (3) Distribution are shared between the people that provides the people an occupation so as to own wealth to buy goods to consume.

None of these three tasks are not taken away from one society to another. When it is done, people would be deprived of occupation. That would leave people without wealth to buy the Products to Consume.

More importantly, the wealth generated by the society remains largely within the society.

Managed Economy:

There are a few common issues that encompass the entire society that needs a focused attention.

Such issues can be addressed in smaller societies without dedicated people and specialized skills,.

In larger societies need dedicated people, with larger resources and specialized skills. Such issues are:

1. Securing nation's borders of the society.
2. Scientific & Technological advancement of the society to match other societies around. Failing to do so, the developed societies might exploit those lagging behind.
3. Creating common infrastructure for the entire society,
4. Fair distribution of wealth. Responsibility of the managers of the Managed societies is to ensure that the Nation's wealth Shared among the citizen, equitably.

Governments, by co-opting the experts in various technologies guide people on the three key aspects of Economy, namely, what the (1) **People do**, What to (2) **produce** and how much and who would (3) **consume**.

The disadvantage

It can be argued that that a few leaders along with their think-tanks, can guide the masses into prosperity. Cause timely changes to processes in

the economy to smooth flow of life

But the truth remains that there no proof of existence of such leaders in the society, anywhere in the world, in the past and present, who are: **knowledgeable, patriotic** and **sensitive** to problems of the common man, capable of accomplish such a task.

Leaders, place their (self and political) survival goals before that of the society. Their actions in favour of common man, if at all, is symbolic. Falls very much short of the mandate given to them. This is proved by ever increasing poverty in developing societies.

World over, the leaders thrive on the lack of ability to remember and very little to negligible Learning & Thinking abilities of common man.

With mindless fiddling with the natural economy to Manage the economics themselves had resulted in increasing unemployment or under-employment in most societies. Year after year more and more people fall below below the poverty line .

Developed world is no exception: We observe that, in the last two decades, jobs that were performed by people in Developed countries were moved to developing and under developed countries. Now the same would happen in countries like India when MNCs are allowed to perform performed by common man, in India without a reciprocal arrangement or obligation to buy our products.

Shift from natural economy

Invaders from alien societies changed all the prosperous **natural economy** of their colonies into **Managed Economy**. (Government decided who to produce, what to produce and where to distribute the goods and services.

They took away raw material from their colonies and dumped the finished goods, rendering the citizens unemployed.

Managed economy leaves common man, the real people who produce real wealth and therefore the power behind the society, totally powerless and enslaved.

Chapter 2

Knowledge & Economics



Knowledge is a necessary ingredient for efficient production of goods. Also it is necessary to create newer products and newer services for the consumer.

In an ideal society where **wealth** generated is distributed to citizen in an equitable and just manner, most common man routinely produced, distributed and consumed.

A few among them, the more knowledgeable among common people developed newer products and services would do.

But we are in a time where more knowledgeable grab the nation's wealth leaving a negligible wealth for a large population to share.

The only way to have a healthy economic society where the producers get their fair share of the nation's wealth is through an education system that delivers **Learning & thinking skills**.

Knowledge comes from **Learning & Thinking**.

Learning

What makes the difference between:

- (a) **Rich** and a **poor** in any society ?
- (b) **A criminal** and a **Saint**?
- (c) A **leader** and a **Follower**?
- (d) A **Master** and a **Slave**.

Some might attribute the difference, to Fate of the individual, some others attribute to the luck. But if we honestly examine, we will trace it **Knowledge**.

There are several opportunities in life to acquire knowledge. (a) our own, good and bad experiences can teach us. The difficulty is that It takes a long time and painful to endure bad experience, (b) Experience Of those around us, is the best way of Acquiring knowledge without pain, (c) Great thinkers of present and past **Written down** the essence of several experiences which you can read / Hear and get them. This is both quicker and rich.

Education systems, give us the **Linguistics** skills so that we can **read** and **learn** from the **words Of Wise men** among our ancestors.

The role of Education

We are all learning even without going to school. With a formal education, the pace of learning is faster and quantum of learning is larger.

Education is a method of **Fast-tracking** the learning. Here the students are equipped with multiple **language skills**. More the number of languages we learn, the opportunity to learn increases.

When one society employ method to make their citizen learn faster, it becomes necessary for other society to follow. Strength of a country depends on the aggregate **knowledge** of its **citizen**.

The ideal period to start a formal learning is **childhood**.

The knowledge has **four steps**,

(1) The **ability** to **remember** all that we learn. The poor has the lowest ability to remember.

(2) Pro active steps to **learn** from various sources of information, filtering the irrelevant ones and retaining the informations that is relevant to our lives and goals that we seek to attain.

(3) Processing Information

Learning give us enormous information. But, our **ability** to (store and recall) **remember** if **finite** and **small**. With the arrival of new information all the stored information melts away.

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