

METHODS IN POLICY MAKING THEORY - TEN PRINCIPLES OF ECONOMICS IN INDIA

¹S.Surya, ²Dr.Asha Sundaram

¹Research Scholar, Saveetha School of Law, SIMATS, India

² Professor and Principal, Saveetha School of Law, SIMATS, India

162513003.ssl@saveetha.com¹

lawdirector@saveetha.com²

Abstract

The government needs to decide and implement the rules when problems arise in the economy, and address it with implementation of rules and law so that the people are served with justice and can obtain the moral support from the law if the circumstances are against the markets. The decision defines the problem and implements the logic based on the situations and consequences. In general the economic analysis of real world problems should always be considered with time and consequences. The NEO classical economics are based on time, as time is adequate it can be specified with respect to problem, the time related to the historical change and its directly related to rational decision making with consistent period of time. The NEO classical economics can be addressed by considering the Hayek problem which can give us the idea of how a statement has been formed, and its mathematical relation with economics can provide us the solution to logic based on knowledge and consequences with timeless considerations. In this chapter we are going to explain about the concept of NEO classical economy, and the related parameters which can solve a economic problems in real way,

- Timeless subscripts locate goods and services at a point of time as scarce resources.
- Time differential functions or equations NEOclassical can be determined based on problems
- Hayek problem: process of change in economics and decision making
- Remaining consistent with rational decision making.

The problem is decision making, how a certain rational decision can be implemented, regardless the time should always be consistent with a prolonged period of time to face the economic problems. The simple way to produce the designation statement is through the *knowledge and dynamic concept as learning is an irreversible process* Hayek decision making knowledge and popper theory of objective knowledge are the two concepts which have been studied in order to obtain the concept of rational decision making regardless of time. The inadequacy of time can lead to no where. The solution for a certain problem can be addressed only with duration in time, where time is considered endless. When time is made static we obtain a satisfactory solution to the specified problems. The concept of NEO classical economics is addressed below with a problem in the dynamic process.

Keywords: Policy making, Decision-making theory, Neo classical economics, Rules and regulations

1. Micro economics and macro economics

1.1 The emergence of micro and macro economy (19th century)

The current scenario of the economy is predominantly conceptualised by micro and macro economics, in other terms the power of internal economics termed as micro economics. The three concepts which, even now the world of economic standards has been deprived is the

- corporate micro macro economic power
- Smith's concept of marketisation and global trade, created an economic evolution, which in turn created a great impact in economic rise in Europe after severe economic crises in 17th century and finally
- The laissez-faire economy came into existence, in other terms orthodoxy in economics, led to a market where the government intervention is prohibited unless the trade happens out of rule, which calls up the order of police, to enact the injustice. The violation of trade happens when there is illegal activities happening in trade. The exercise of macro economy includes the role of

international and domestic exchange of goods, the society in-turn gets benefits with the action of legislation of trade .The society is neither enhanced with the reputation of trade which benefits each and every citizen in a country, creates a win win situation, a token of credit and an appreciation for having friendly relationship with people all over the world. The international peace prevails with in the world economy(Munkirs.R,1989).In general economics is based on production, exchange and consumption of materials, they often need the support of people, government rules and private sectors to undertake the working of democratic economy and marketisation internally as well as externally .The meso and macro economics was based on the underlying concept of micro economics, thus the behaviour of household, enterprises, and industries are considered, the rationality of the people behaviour is analysed in order to implement the initial model ingredient of the economy(H.Day,2008).

The markets in the society are basically functioning with three underlying concepts , namely the competitions in a rational manner based on Adam smith proposal of economic activities.

There was a sudden irrational emergence of few inequality market segments of dominations, a monopolistic environment of the market which had a wide spread of economic problem issues such as unemployment, wage exploitation, idle capacity. Which introduced a concept of *Ruinous Competition*.

1.2 Depression in Economy (Ruinous Competition)

The current problematic issues faced by the market were the competitors in the market never compete to rise their marketing profit, but led to domination in market.The structure of the market where led by monopolies, this leads to inequality in wages, this unemployment lead to affect the production of products, which seems to be increased or decreased and was not stable.This change in unstable market will directly affect the price of products in the market , which introduced the new concept the administered prices.

The concept was based on four propositions , that is the prices of the commodities will not be finalised by interpersonal market forces, rather would be kept by businessmen. The firm fixes the prices of products in the market, and the fluctuations of prices increases or decreases based on the current scenario of the firm, like its graph of price fixation shows the depression curve in the market agenda.

As there were no proper authorisation in the market, there came the least consumers in society which directly affects the productions and the economic growth. The below picture represents the production reduction of the economy because of the Ruinous competition and poor administration in the market.

Table 1. Percentage Changes in Production and Prices For Five Frequency Groups From 1929 to 1932

Group*	Percent Drop 1929 - 1932	
	Price	Production
A	9.4	52.6
B	18.7	32.8
C	28.2	45.7
D	37.9	38.7
E	53.4	-0.4

*Each of the five groups contains pricing and production information on approximately 120 products. As a general rule, the products in Group A represent more concentrated industries where market power exists, while products in Group E represent the least concentrated industries where competitive impersonal market forces still obtain.

SOURCE: National Resource Committee, "The Structure of the American Economy," 1939, Part I (Washington, D.C.: U.S. Government Printing Office), Table VI, p. 148.

PICTURE1: PRODUCTION INFORMATION OF ECONOMY FROM 1929-1932

The above diagrammatic representation depicts that there was no constant price level of products and price was drastically increasing when compared to production. The production declined when there was more rise in the price market. The production declined by 8 to 10% in agricultural, automobile industries. The competitive interpersonal forces as a concept introduced by Smith, precisely deprived the profit in the market, whereas as the market power envisioned the loss in market production, this decline led to a depression scenario in the economy.

1.3 The introduction for people neutrality concept

The people neutrality concept introduced by Chamberlin and Robinson, was to abolish the concept of power internally in the market, the concept of micro power nexus drastically deprived the negative market strategies, which in turn affected the production, and increased the unemployment in the economy. The internal bleeding was for long duration lead to micro economics frustration which concentrated only on internal industries, automatically this crisis became to reach world wide, where corporates the emergence of macro economics an international relational market in 1930.

The role of the macro economy was crucial for American economy as it was in an unemployment crisis, the legislation bought an act right after World War II namely *Employment act 1946*.

1.3.1 Keynes “The general theory of interest, employment, money”

This theory was based on interventionist policies, pure social science where to accurately understand the scenarios and implement the legislative rules based on the theories upon which the economic crises can be eradicated. The concept is to provide the centralised government, where the authority power was given to central men to provide justice for the labour's grief, the global trade created a large impact in the advancement of trade and economy, thus macro economics plays a crucial role in improving the global relations and enhance the negative impact of corporate micro power in the economy.

The *principles of economy* led the Modern era in ruling the people all over the world. Let's have a small overview of *past economic crises faced by American economy*, a serious recession and a debt crisis faced by them during the period 1979-1982. Because of their ambition to achieve greater heights in industrialisation, America borrowed from international creditors, which in turn created a large debt, thus they were unable to return the money. The countries like Brazil, Argentina, and Mexico borrowed a handful full of money, which in turn created a recession in the countries, where they need to repay Europe (Li, Erik Brodsgaard, Jacobsen).

1.3.2 The American reformed policy and Beijing consensus -A Overlook

Williamson in his research over the economic crisis of America stated that the reformation of principles will give a positive outlook for America to overcome the crisis, The Washington Consensus which included the ten reformation in policies and to implement Neoliberalism. The neo-liberalism is the method which supports international trade, eliminates price controls, and regulates the market policies for future upliftment of the economy. The four simple steps adopted by the American economy is,

- Investment
- Privatisation
- Deregulation
- Property rights reformations

These four reformations in the economy led to the in-depth realisation of the social economic crisis, and different ways in handling the scenarios of crisis. Hence they introduced a new

concept Washington Consensus, namely discipline, implementation of taxes for products, regulating the structure of the property rights, improving private business, liberalising the interest rates, improving the global trade, concentrating on the finances of the economy, just to improve the marketisation and implement the neoliberalisation concepts. The bipolar doctrine exchange rate, the liberalisation in market price was implemented, and there was an exchange of commodities from countries all over the world. The neoliberal reinterpretations, which was the next methodology adopted by American economy, includes the policies like, supply side economics, and control of expenditure in the economy.

Comparing with Beijing consensus, in contrast to the American consensus, Beijing implemented the reformation in the same consensus introduced by Americans, which includes more concentration on, innovation based development, giving equal priority to markets in the economy and self determination in international trade developments. The China follows a democratic economy, where that was said be example, which was supported by many countries all the world. In China there are economic issues such as poverty, environmental pollution, income disparity, corruption etc. Secondly China strives to overcome these negative impacts by implementing the conditions in their structure of the economy, like abundant rural labour, authority given to central government amend and liberal market economy. Some of the practical legitimate laws implemented in the China government was, merit based promotion, norm based parties, institutional developed based on norms and conditions. The American consensus development led the Chinese economy to reform their policies in to ten economic principles,

1.3.2.1 Ten principles of Beijing Consensus

A) Principle 1: Localisation of best practices borrowed

The China main concept of this localisation is to adopt a socio economic government, it is nothing but implementing the practical rules rather than adopting the borrowed laws and conditions implemented in developed countries, these rules in developed countries vary with those scenarios in developing countries. They decided not to imitate any country's economic rules, rather than to concentrate more on their current economic crisis and implement rules based on that. *The Stalinist model* was insisted to get adopted in the China model of economy because it is a flexible method to adopt the rules based on the current economic scenarios happening in China. China rejected wholesale westernisation, and started to adopt the liberal market economy, Chinese socio economic system has implemented their own characteristics.

B) Principle 2: Combination of Market Plan.

The market should be a global trade as well as a communism happening to make the working of trade under proper plan. The China implementation of the concept The three helpful, in the other terms denoted as the socialism, the communism and the capitalism, all the three ruling concept in the economy should help each other, and should work towards the growth of the economy. The government and market should always be in the right balance to the economy, which can lead to economic development in the society which should improve the social productivity. Socialist comprehensive national power, And to improve the social standards of the economy.

In order to have control over marketisation in China they introduced the concept of caged marketisation, it's nothing but the rules and regulations are the cage, and the economy inside the cage seems to have freedom without any suffocation, thus caged marketisation gave a profit in the economy of China.

PRINCIPLE 3: FLEXIBLE MEANS TO A COMMON END

To reform the miao policy, the policy constrained by him was a taboo to the economy. The Maoist economic model was based on communism, it is nothing but following the steps of Marxism and Leninism, here the communism includes the implementation of all the ideologies

of socialism, political , philosophical, and its economic ideology which finally implements the growth of the community and economy. It is the whispered model of Marxism and Leninism and called as soviet U model. According to this there are two classes, namely the working class people who work to survive and the capitalist class, where they give works to people and run a private organisation who derive the profit by adopting private organisations, thus includes the providence of employment to people working under him. The development of the working class in the form of social ownership led to the emergence of communism.

C) PRINCIPLE 4: POLICY RIGHTS

Stable political development can lead to a better socio-political environment within the nations as well as maintain the relations outside the countries also. The standard growth of economy and welfare of people are always kept as the priority of the people hence the communist party helps in production development and social welfare of the community, the communist party of China represents the social peace between people. The China trust the slogan, “stability overwhelms anything else” , the cycle of polecat and social reform in China economic development plays a major role in establishing the pathway towards the growth by implanting the new policies based on the economic constraints and current scenarios .the freedom to choose one's own policies are supported by many economists all over the world and all these policies have underlying concept of peaceful coexistence , respect for social well-being and sovereign of economy and termed as policy rights. Mainly all the industries have gained rights in acknowledging the policy developed by the economy and these policies are a positive notation for industrialisation. They also implemented the new plan development and corporation which details the five principles led by the international cooperation, that the developing countries have all rights to adopt a policy based for the development of the economy and nowhere it can force those policies where the economy is in developing stage.

D) PRINCIPLE 5 STABLE POLITICAL ENVIRONMENT

The stability in the political environment directly impacts the stability in economic environment, they are mutually dependent on each other, thus the each decisions implemented by the political economy will directly or indirectly reform the economic stability hence this improved concept of politics and economy have the concept of improving the every aspects of human to enlighten the future economy. A process of managed democratic economy has the concept to enact the rules and regulations based on demands on people in the economy. The law reformation can happen if the economy is facing a crisis and is allowed to enact the law of socio-political economy in the improvement of the dynamic of the society.

E)PRINCIPLE SIX: SELF RELIANCE

The self reliance was one of the main factors which was implemented by China for its economic development. The China self reliance has the concept of self thinking and creating a new development and their innovative ideas helped in innovating all new concepts in engineering and technology, this enhanced skill of China economy helped them sustain the regression for ten years and finally after prolonged hard work they were able to understand that they need some international support in technology oriented development . Hence China stood a unique feature in establishing the regression and raised with self reliance quality with help of international commodities and achieved its target .

F) PRINCIPLE 7:CONSTANTLY UPGRADING INDUSTRY

Economical development of China can be achieved by upgrading the industries and development. They were always innovating new ideas to implement and they invented toothbrushes, garments etc. the trial and error method in industry innovations are very risky and it cannot be implemented in large scale industries, which can in turn create great loss to the

economy. The China economy opened up the international industry to commence in China such as IT, telecom and power generations. They have a strategic plan to develop all the national companies in international markets. In general the industries are based on three concepts namely, capital based, technology based and innovation based, and potential to export and import the growth in trade, thus the constant upgradation helps in enhancing the strategic competences of the China economic aspects.

G) PRINCIPLE8:INNOVATING NEW

Innovation of technology and other aspects such as household contract responsibility system township and village enterprises, are invented by Chinese, and the dual track system which ensures a smoother track system, enhances the market system in China. In this competing world, innovation will gradually uplift the current economic status of China. Protecting the intellectual property, and decentralised tax reforms system help in reforming the rules and laws of China.

H) PRINCIPLE9:FINANCIAL LIBERALISATION

Liberalisation is the form of economics in which there exists the freedom to perform marketisation without the government intervention , thus it has been a freedom for markets to perform their international trade with the private agencies in order to export and import raw materials to enhance the quality of business relationships all over the world. Thus these ,Ed to profitable in the environment.

2. Foundation of economic theory -Micro economics

Before heading to the topic Micro economics, it is important to study about people and their behaviour in this democratic economy. People play a vital role in handling the emotions of other humans, their interest towards the upliftment of oneself economically , financially and his thinking towards the world. The behaviour of people can be utilised in any scenario to understand what made him to be so. “The rational people always think at marginal” (Mankiw,2018). It is one of the more common line used by economists, the rational thinkers represent the economy . In such terms, it is important for us to understand the meaning of being Rational human.Any action performed by humans based on his intuition, that decisions with logical institutions are constant over rational process is said to be rational thinking or rationalisation.

2.1 Rational Thinking of People

The basic concept of rational thinking is imagination and every human thinks rational, that rational decision is based upon the implementation of decisions with the past experiences, and solving the problems based on those concepts. A good rational thinker is one whose decisions are based on how well he utilises the alternatives, based on challenging situations, he will have the capacity to interpret his thoughts into actions based on his institution and imagination, which can neither create a tough circumstances nor can create a positive outcome. Such rational decisions are not constant and can vary by time to time , as there are no constant situations to adopt rational decisions. When it comes to human emotions, they are acknowledged by various reactions, and categorized under the names such as, stupidity, egoist, immaturity, ignorance etc. There are ways to deal with rational thinking, one is strategic rational thinking and the other is tactical, the Strategic rational thinking is nothing but a specific function with which a rational thinker can carry out an action, it is the actions performed for ones environment and interactions with others. Strategic plan is often implemented tactically, in order to carry out a methodology and decisions taken from a number of other decisions and opinions , which in turn adopted and followed for future scenarios also, a strategic plan often being involved in vague stories,

lifestyles, and patterns of paradigms.

Paradigms of life

Paradigms are a set of predefined patterns and procedures adopted to follow, while decisions are made for possible positive outcome. The set of procedures are always implemented as policies and rules in many industries which they follow, to adopt a new product in order to carry out the positive result in the industry. The strategy is considered to be the basic foundation outline, that can be carried out further in future for new product development, industries based development. In a strategic plan, it always procures with a group of choices, where the appropriate choices should be decided as those decisions can be implemented in carrying out the common desired outcome in the near future.

The complexity of rational decisions are carried out by adopting the methodology algorithms, the algorithm in general is defined as a step by step procedure, to carry out a function in order to solve the specified functions, the rational complexity of any situations are first analysed in mind and those are resolved by the intelligence and imagination of a rational human, which can in turn resolved by adopting a algorithms based on the goods and resources available, and implement those strategic algorithms to obtain a simple solutions in a complex situations. The alternative method or options adopted to in turn carry out a complex task in tough situations are termed as the rationality as modular.

The rational thought arises in each and every human being, whatever task or dream he performs, each has that feeling of provoking towards that desired goals and dreams. The person will be occupied with all rational thoughts once those dreams are achieved, thus till achieving what he needs, he plans for it, performs religious actions, and all his actions will be based on the rational thinking of the human towards achieving their goal. The rational thought is intermittent. No human being desires to perform the course of action without having any intention of acquiring something, thus the choices or alternatives one chooses to perform an action, which can produce the consequences. The behaviour is continuous, it can be broken down with interval of time and the decisions need to be made which becomes tactical, thus the rational behaviour of the people should always adopt a strategic plan and it can change based on their future consequences and situations, thus the change in the regular modes can make any human irrational. To overcome those situations another set of decisions, alternatives, and choices need to be made to overcome those situations to make the life rational and set the new method to adopt for future consideration.

Modelling the economy with behaviour

The microeconomics the optimal decisions are made by the humans, the rational behaviour of each human is based upon his knowledge, intelligence, his imaginations and a practical approach with logic influences his logic towards the decisions made. What if the decisions made had created a failure, what if the negative situations arose without any clue, what if those are completely the new concept to the human era, which needs more time to evaluate and implement. The best possible way to approach any situation is opting for alternative choices, the circumstances can never be the same, but possible options to overcome any specified situations can be determined with the person's knowledge ability and common sense and the preferred options can be finalised.

In general, consider adaptive economising, where the decisions are rational, and this is the case. There can't be any other situations that need to be considered to finalise the decisions.

Recursive programming models are nothing but recurring the decisions made, a re consideration

made on the choices selected to perform a task or a considering the complex situation in such a way that it needs some time to re consider the situations and to adopt a preferred solution.

The negative impact of all the wrong choices made need to be analysed well, where the problem lies and to recurring it with time and possibilities to choose the best new method or alternative to adopt to overcome those explicit situations are said to be the most flexible decisions with cautious response.

The decisions made by time are going to within two concepts, the first is the anticipation time, where represents the future and the historical time where the decisions are made based on history of consequences made to obtain a decisions.the each problem caused by decisions are in sequence is termed as Dynamic programming problem. Let us denote the consequences with a passage of time “t”, where the prolonged anticipation time for the consequences of strategy need to be applied for the time , as the problem strategy won’t change by time thus we obtain the optimal strategy, with the current objective of human that may be profit, success, etc, with the underlying concept of optimal economic agent, which can be considered as the strategy, and all humans will overcome those obstacles to attain the desired within prolonged period of time based on the situations and emotions , thus the consistent rational behaviour of the human tries to overcome the obstacles with the economic agent with the consistent strategy termed a optimal strategy.

The most complicated problems can be resolved. Y algorithms, thus each complex situations can be handled and resolved by the proper step by step procedure which otherwise called as algorithms, a set of model and for Ramu last used to denote the mathematical equation to obtain a solution can help in determining the method to overcome the complex situations.The below tabulation represents the invention of different algorithms by different inventors in order to determine the solution to differing complex situation, such concept has been invented with various complex circumstances which can be considered and positively applied in our future complex situations I. Order to resolve the problems

The concept of each algorithms has also been stated , and it has been specified that there are true such true and good algorithms in history which can be implemented in any complex situations, it can be only analysing of the various situations and with the past experience and with standard duration of time a best optimal strategy can be applied to resolve the issue with algorithms and mathematical notation.

Inventor of model to resolve compilation	The name of algorithm	Concept of algorithms
Conlisk	Search and stop algorithms	Trade of between improving ones choice and cost of attempting to resolve complications
Newton	Optimal path leading with accuracy	Perturbation with mathematics. Models related with predictions at a given interval of time should be projected in order to land the dynamic space model craft to reach the moon safely.
	Trial and error	Trial is implemented to determine the directions, the distance and the access of failure with cautious and daring set of rules to implement with optimisation algorithms to determine the solution

Cournot	Recursive best response adjustment process	To determine the algorithm for the complicated solution
Walras	Consumer and product	Atonement when model editing with discrete time
Marshall	Consumer choice	based on consumer interest,
Hicks	Value and capital	idea of economic equilibrium theory
Alam kimran	RP approach	From assumption and learning
Bayesian	Bayesian dynamic programming and optimal strategy	Bayesian optimal estimate of future action is based on the stochastically past event

Picture 2: The invention of the algorithms based on the strategy and concept to resolve a complex situations

3. NEO CLASSICAL ECONOMICS - INTRODUCTION TO FORMATION OF STATEMENTS, KNOWLEDGE, LOGIC

The government needs to decide and implement the rules when problems arise in the economy, and address it with implementation of rules and law so that the people are served with justice and can obtain the moral support from the law if the circumstances are against the markets. The decision defines the problem and implements the logic based on the situations and consequences. **In general the economic analysis of real world problems should always be considered with time and consequences.** The NEO classical economics are based on time , as time is adequate it can be specified with respect to problem, the time related to the historical change and its directly related to rational decision making with consistent period of time. The NEO classical economics can be addressed by considering the Hayek problem which can give us the idea of how a statement has been formed, and its mathematical relation with economics can provide us the solution to logic based on knowledge and consequences with timeless considerations. In this chapter we are going to explain about the concept of NEO classical economy, and the related parameters which can solve a economic problems in real way,

- Timeless subscripsts locate goods and services at a point of time as scarce resources.
- Time differential functions or equations NEOclassical can be determined based on problems
- Hayek problem: process of change in economics and decision making
- Remaining consistent with rational decision making.

The problem is decision making , how a certain rational decision can be implemented, regardless the time should always be consistent with a prolonged period of time to face the economic problems. The simple way to produce the designation statement is through the **knowledge and dynamic concept as learning is an irreversible process** Hayek decision making knowledge and popper theory of objective knowledge are the two concepts which have been studied in order to obtain the concept of rational decision making regardless of time . The inadequacy of time can

lead to no where. The solution for a certain problem can be addressed only with duration in time, where time is considered endless. When time is made static we obtain a satisfactory solution to the specified problems. The concept of NEO classical economics is addressed below with a problem in the dynamic process .

2.2 THE PROBLEM WITH TRADITIONAL EXPLANATIONS OF DYNAMIC PROCESS

To address a dynamic process of rational decision making, it is important for us to undertake the problem to address with logic and statement regardless of time.

A) Walds time and static model

Time plays a crucial role in fixation of prices for goods and services relating functions, through the statements and with the condition of the equilibrium. The statement here refers to rules and regulations in fixing the price of the given product over prolonged period of time, the Consider a simple model of Walrasian proposed by Wald, the model poses origin variable , can be called as endogenous, the origin variable in this model are

- A. the output prices P
- B. The input prices V
- C. The output prices X

Every model should have an origin variable the general available inputs are represented with R, linear predictive coefficients A. As the demand function D. No explicit time in Walds model, every endogenous variables consisted of truth of statements, assumed to true at specified period of time are termed by static model of definition and assuming time as the endless validity. The exogenous variables are considered to be the variables which are external factors, the values of the variables are not constant or consistent in the dynamic process of time. Only the relation between the endogenous variable and exogenous variables are constant and changing as one of the variables changes with prolonged dynamic process of time , as time is considered to be limitless.

Hence it is important for us to consider the time based variables as the endogenous and exogenous variables are related with time and consequences .

B) Time based variables

The limitations of the static model can be explained with the example, consider a Hamburger (H), at a time t, the

Hamburger H state at a time T not equal to the H at time T1, such model could have undergone changes at any point of time T. Consider the same concept with Walds model, we have multiplied the number of goods (X) and equilibrium equation with respect to time, thus gives the explanation for P, V and X, static for entire period of time, through which goods are designed. *The value of endogenous variable at any point can be shown to follow from the values of the exogenous variables with unique initial point of time*

C) TIME PREFERENCES OR THE ECONOMICS OF TIME-Bohm Bawerks Theory

Considering the period of production of the product, according to this theory the time spent on production of the product is directly related with time that is, the increase in time implies the increase in cost. Breaks costs are the opportunity cost , in the term of household. Cost are the needed working capital for the amount of time utilised to produce the household cost which increases with the waiting time. the time is considered to be the waiting until the product is finished, in this Bohms model the time is considered to be the scarce resources, they are static

and it is not a timeless considerations.

In this model nothing is changing and logically consistent with other static model and the exogenous givens. Whereas in Walras model the exogenous are statically fixed with endogenous variables. Variables given-or logged. Variables, here the variables can be implemented as an alternative to those variables, in order to determine the trajectory path of time, this solution of the model still needs explanations. The change in endogenous variables can happen with change in exogenous variables, some parameters related to variables are changing which represent the logical parameters of the given product.

D) Kaldor's growth model: To determine the population rate in the economy

It is termed as an autonomous invention, where there are non neutral change in the economical technology, he assumed that the logical relationships assumed to not change over real net time, the entire explanation of the historical changes invested in exogenous changes of the givens, some of the static givens are replaced by the time path trajectory for a specified time period, static sequence of corresponding points in a fixed period of time.

Newman Balanced Growth Models

It is not necessarily the same endogenous and exogenous variables, today's endogenous will be yesterday's exogenous, the variables do change over time and we cannot assume that the variables are going to be static with duration of time or a day. Logged variable approach has been adopted with the time path trajectory.

2.3 TIME, LOGIC AND TRUE STATEMENT

All the statements are derived from logic, facts, truth. The NEO classical economic model are timeless, all the economic analysis are carried with prior to time and they are logical derivations to the time. The derivations of the actual statements are from the true logical scenario where the arguments for the specified true statement can be derived, before explaining about the logical statement the logical nature of the given model need to be analysed, here

The Model represents the arguments, explanations of the endogenous variables and valid logical arguments, the arguments always leads to produce a statement with true facts and logical interpretation of the scenarios happened in the past as well as the situations based in the present. In order to obtain a logic we need to study about the logical arguments, there are two forms of logical arguments, namely

- Arguments for something
- Arguments against.

Arguments are defined as the proposed validity of logical relationship between the parameters related to the statement and the statement in question which can arise the logic of the true arguments. Arguments can be in favour of any true statements which are with logic underpinned and truth of facts that can define the statement of logic, here group of logics and true statements can provide clear statement of applications, thus a statement is arrived with the group of arguments with truth and logic parameters, based on the endogenous parameters in the situations where there can deprive logical statements.

Standard logic of given statements are passing on the truth of all the given statements, truth needs to pass with proper logic and preposition of arguments. The truth of individual statements are directly or indirectly related to true values of exogenous and endogenous variables; the values of the variables assumed to be made at the same time. The deductions made in logical

statements need the truth of statements and logics, and the preposition needs to be true in all ways. The arugula to again indeed need the logic statement with facts, thus even the non-compound statement assures their truth status. The internal consistency of the compound statements also possess the same group of logic and truth status.

For example,

The price of a product is rupees ten, and the quantity of products is thirty the total amount spent is rupees three hundred based on time.the consistency of compound statement requires only consistency between parts. The basic tool of all arguments is termed as Modus ponens. If the logical statement is true, correspondingly all the arguments based on the logical statements are considered to be true and that is defined as Moders tollens. The same is for argument against, if all the logical arguments are seem to be false, then the supporting logic statements

With facts are false. The basic statement of true argument won't change its status from being true if any of the equations related to the arguments seems to be false, the statement is said to be true only. There cannot be any statements which can be logically true , and the statement can be false at all points of time and statements can be true at one point of time and it can be true at one point of time, it cannot be true at all points of time. The arguments thus provide us the logic statement to be finalised for the given statement.

2.4 Time knowledge and Hayek problem

The problem in the economy needs to be resolved with time regardless it's the change in problem over a period of time. Standard general equilibrium theory along with time has been considered to address the problem ,the causes , their motive, are the reasons for historical change are beyond explanations.Methodological limitations needs to be understood in standard-general equilibrium theory , to look at the problem and communicate the theory and knowledge with facts for stable equilibrium produced the explicit solution.The knowledge can be communicated in many ways and can be considered as a tool to humans to express their vision on the desired problems. Hence the role of knowledge plays a crucial role in all statements in a problem.

- Individual knowledge
- Knowledge depend on facts which depicts the human behaviour
- How experience creates knowledge

No explanations for accusations process through which he got the knowledge, the way he takes the knowledge is always unsolved

- Individual knowledge for decision making does not solve the problem
- Knowledge is based on long run
- Knowledge must be endogenous
- Process of learning and adopting

Hence knowledge can be any any form and that can be implemented in the way of decisions you a human, as already discussed how the arguments can be developed based on the endogenous and exogenous factors and parameters, that can arise the problem, the knowledge can contradict the fact that it can produce a rational decisions based on the arises problems.

The change in rational decision making, where the knowledge is static and the individual knowledge can produce their accusations with exogenous factors of the proposed problems.the knowledge can be viewed in two different ways,

Inductivism: based on the knowledge of facts collected at one point of time , within the proposed situations at that time considering the exogenous and endogenous factors.

Conventionalism:Based on the knowledge obtained in the latest theory. In both the knowledge is

cons to be static.

The empirical statement or any theory is considered to be the knowledge supported by facts and induction of the statement is defined as the knowledge acquired by the human in that particular context with the support of logic for the rational argument. This induction logic can be passed through the statements. These statements are a set of rules which composes the common facts of all arguments based on the query

Terms in knowledge acquisition	Defined statement for terms
Inductivism	Knowledge is empirically proven , true general preposition or theorems as they are inductively proven which we call knowledge
Conventionalism	Impossibility of induction logic, assumes its necessity.All knowledge is accepted captured with available facts, knowledge is better or worse rather than true or false

Relativism	Truth related to conventionalism and inductivism is that inductivism is a long run , one way to avoid giving up on one's own belief whereas conventional strategy is a short run.
Normative statements	Not objectively true , they cannot be used as givens In logical statements
Justificationalism	Knowledge is said to be true unless justified, it is fundamental statements and view of knowledge
Psychologism	One knowledge must be private or subjective ,one can never explain someone else's knowledge. Psychology is another variant of justification
Anti justificationalism	Separating truth statement from the probability of the truth status, knowledge is theoretical hence conjectural we cannot prove it true as it is true
Anti psychology	Knowledge is potentially objective

Rational decision making	One does the decision at any point of time , depends on ones knowledge at that time, logic of one situation where knowledge is used
Situational dynamics	Behavioural changes ,it can be changes in ones knowledge which are intentional or unintentional.

Picture 3: Tabulation for terminology used in Knowledge

2.5 The Theoretical knowledge

The theory of any solution depends on the knowledge , in which the human acquires through experience. The nature of knowledge needs to be studied and it is understood that knowledge is consistent, and the role of knowledge is based on one's decision making through various situations and circumstances. Truth of knowledge is a-certain, truth status of role of knowledge and theories of knowledge cannot be always stated as true and one's knowledge is not theoretical and the status of anyone's knowledge is not justified. In order to study human knowledge, one should be able to understand the human mind, the role of studying the human mind is termed as psychology, the role of psychology is to read the nature of the human mind and predict their actions based on their experiences. Psychology depicts that one's knowledge must be private or subjective. One can never explain someone else's knowledge, it is impossible to explain anyone else's knowledge, psychology is another variant of justification. There cannot be a human who is capable of reading some other mind, prior to their conception. Human can only acknowledge one's decision, and he can alone be responsible for his decisions, thus the role of psychology is to determine that everyone's knowledge is private , with reference to their own experiences and decisions based on that. The study of decision making by an individual, can determine his knowledge towards that particular context.If one knowledge is considered to be true in ideal type methodology, where the person pressuring that there is some method of acquisition, for the definition of ideal type, by the individual decision maker.The term acquisition is defined as the inductivism theory of learning , collecting facts and some proposition is true , such proposition has to be acquired. The collection of facts which are obtained by experience and thus can provide wide knowledge in truth and the reason where the another person can accept ones knowledge can be widely considered as the actor knowledge, where the knowledge is obtained from the other person through experience.This actor knowledge can be the reason for change, what the change will be if we implicit the ones knowledge which contradict to our own situations and realisation.

The role of decision making in economics seem to be the heart of economics, these role are considered as the knowledge acquired by human and its way of communicating the knowledge with reference to the situations by other, thus the art of receiving the role of action of a human being Is based on his knowledge with context to the economics, the consumer knows his preferences, the prices as per the given budget , the human tendency to buy a product is based on his monetary and budget preferences and he want to acquire the best bundle. The proposed epistemology is defined as the concept of understanding the underlying parameters of income, budget and theory of knowledge cannot be provable at any point of time prior to going to the market. With context to the epistemology the factors which directly influence human knowledge are the past experiences, deceived knowledge and the institutional control of local authorities.

The theory of preferences is based on human determine what product to buy, which is the best product in market within his budget value and preferences, the role of knowledge comes into play when one knowledge can be chooses to decide which product to buy and where to buy, considering his past experiences and predicting this product can be utilised well for him and his monetary budget. *Thus the knowledge here is the rational decision taken by the human being considering his monetary budget, his past experiences over the product selections, his institutional behaviour and predictions ,his role in determining the best product , thus these are the underlying concept of theory of preferences and current knowledge towards his situations.*

Let us now consider the alternative situations where the theory of his preferences of testing towards selecting the wrong bundle, thus leads to preferences of wrong decision making. thus the wrong decisions to wrong choosing of products that will change his behaviour and preferences, with the facts of knowledge he acquired from his experiences. He immediately changes to choose the best product from next time buying the product. Thus the act of choosing the best bundle next time was based on his knowledge which was wrong in the past and his preferences was not at the right way as his institutional behaviour was out of proper judgement, which lacked in logic thus obtained the process of contradicting action towards opting for the irrelevant product based on his monetary issues as he is not updated with the current scenarios. Thus the response to needed of change can be

1. Exogenous change- False out of date
2. Acting on the basis of false knowledge
3. Consequences and behavioural change
4. Evidence of error ad criticism on relations
5. Jumping in to the wrong considerations
6. Conventionalism reacts slow
7. Scepticism and- knowledge is false, ready to rectify it, more difficult to predict.

The above factors are related to each other. The wrong decision chosen by a person can be due to all these valid reasons such as false knowledge , not ready to update himself and to correct himself as he should not repeat the same mistake. Thus the knowledge can be perceived to be false or true based on his own preferences and his way of dealing things and situations.

The concept of decisions are stated that, it the act of knowledge or the communication of knowledge to the situations , where the rational decisions are influenced by the factors like predictions, theory of preferences, the true facts and myths , the past experiences of the human, the theory of human behaviour and the most important factor is the institutional power of the humans,

4. DECISION MAKING PRINCIPLE IN ECONOMICS

Behavioural economics posses raw data through which the guidelines of decisions has been created and decision making theory has been adopted to enhance, the capabilities of decisions so that a wiser method for decision has been finalised.(Etzioni,2014) .To manage a set of people needs more decision making skills , which can be acquired by tools such as optimisation and equilibrium. Managers plays a great role in managing the workers with proper decision making criteria ,and motivate individual based on the firm development and the concentrating more on the organisational structure it can give a great idea in handling the people and make the team work towards the organisation benefits , which can be acquired only by proper decision making skills(Brinkley.A, Smith.W, Zimmerman.L,1999). Let us now consider a wider picture, what if that has to be implemented in wider space that is the economy .

Decision making in economics plays a vital role . It interpolates the meaning of which is needed ,

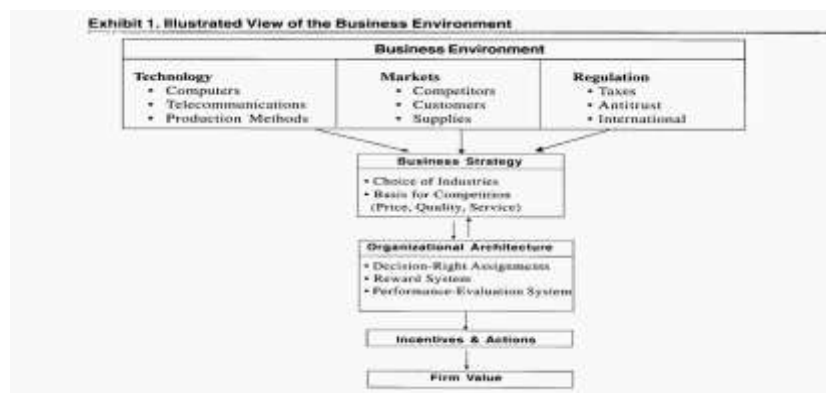
when it is needed, what is needed, from where we get the need , how to differentiate the need and want in life and what can be done to obtain the needed product than the wanted one in life (Mankiw, 2015). Each penny we think to spend, needs a decision and people have to give up on something to afford something more important. Hence the study of human behaviour can provide the basic behavioural theory, through which basic guidance of decision making has to be derived. When the role of decision making occurs in life, the answer is when we need to choose between the two, when we need to decide which options we'll have in our life more than others, it's between the decision made between the priorities based on situations.

In order to understand the decision making principle , let us have a small look at how a manager adopts a star ate by to make decisions in organisation. The base analysis of the decision making is mainly acquired from psychology and sociology. To analyse the design of the management one should be aware of his decision making skills in order to structure the organisations. The general organisational structure comprises of three key factors,

- The performance evaluation of employees and manager
- The reward system
- The decision making authority

The general evaluation system of the people working in the organisation should be evaluated thus the , potential person should always be rewarded with proper incentive, thus the the decision making authority is given to those who is capable to handle people in all aspects of the organisational structure .The three aspects as specified above should be always coordinated so that it prevails a peaceful business environment. Thus compared with three legs of a chair, which even one leg broken the chair seem to be unstable.The company architecture mainly depends upon the internal as well as the external environment, the external environment includes, the market, regulation and technology where the internal environment of the company is based on the reward system, decision making authority and finally the performance evaluation of the workers and the manager.As we already had an general idea of the internal factors of the company , it is now important for us to determine how the external factors will directly or indirectly influence the company growth and standards. The company's growth is based on internal factors as well as the external factors , the technology seems to be always getting advanced with time and innovations, it is important for the company to get updated with the technology and even the methodology adopted for production needs to be evaluated from time to time. The structure of the markets, the competitors, customers, the suppliers also play vital role in determining the production of the company.

PICTURE4: Business Environment Considering the External Factors(Brinkley, Smith and Zimmerman,1999)



It is always important for us to know our competitors and their positives and negatives to over

come the competitions. The below diagrammatic representation explains about the external factors influencing the environment and their aspects of organisation architecture Centralisation of the organisation tends to help to improvise the company economical standards, if such a case the centralisation the company can push themselves to high quality products, new product development and competitive pricing. Some of the banking technologies have been under centralised and rigid hierarchy, whereas they opt for decentralised methodology as it has some qualities technologies such as MIS, financial technology and deregulation. Some time the centralisation helps in achieving scale economics, and to realise their own standards in the environment. Upgrading themselves with technologies and acknowledging the global completions in order to develop their internal skills , the organisations are changing from traditional organisation method to cross functional disciplines. The employees should be equipped with concerned skills with management to make themselves skilful to face the global challenges in the economy.

2.6 Humble Decision Making Theory (HDMT)

The concept of decision making theory lies within experimenting, All the solutions we make are experimental, to make a correct decision for a proper outcome, there are cases of uncertainty and failure in decisions made. After a period of time the same decisions seems to be right, so things can not be predicted and all human beings go through heuristic phase, that is nothing but reinventing themselves trying to learn for themselves , they regret for the decisions what they go wrong termed as “theory induced blindness” or “regret aversion “.

For example taking stock market, when we buy stocks and the stock seem to go in loss and if we don't sell it then that seems regret aversion, but in to history of stocks, seem to be always low the sudden rise can create profit also, hence the predictions is what humans do to buy a stock or as well as to sell the stock. The recasting of decisions made by the decision maker gives another set of experience to move further, whether it's wrong to gain profit or loss, but those recasting decisions won't make human poor, if those decisions yield fruit it's widely accepted. Fragment each part of the decision made and leave it to time for a while which will create a solution for the question. Each building builder with a plan by the design engineer, which in turn can change for based on the environmental factor, there can be some recasting in decisions made, which in turn gave out very beautiful buildings.

2.7 SEZ-Special Economic Zones

In these economic zones the decisions are made as a whole, by testing. Those testing reforms decisions are always made away from the economy, unless obtaining positive result , when reform decisions are implemented concentrating only on the parts of the country where the decisions taken is important to reduce the current issues in the economy,

Humble decision making rule is to treat the current economic crisis by structuring the crisis by taking proper decisions, finally those decisions should be modified based or reversible, thus the government and the members of the government should acknowledge decisions based on behavioural economics, testing the actions in different methods and choosing the best method so that it can yield the profit to the society.

2.8 Budgets in Reserve , Future is not Predictable

The economic budget made with reserve is a wise choice, rather than they use all the money. We never knew what the future might bring us but what we have in hand can be under our control, that can happen through reservation. Assess timing and control of cash flows, failure happens when not proper maintaining of money or resources. Thus leads to failure of resources. It is advisable to invest the money, which can produce profit in return, the research suggest that the

process through which the money can be saved is through bonds, golds, stocks and they produce best returns. The best methodology to save the assets are to invest in three or four ways such as buying stocks, buying valuable ornaments, lands etc. Even when one investment fails the other will be in reserve, thus this exchange of money will help in saving the money in different forms. Some to invest in real estates and buying bonds in the name of funds invested in private assets that can be a smart way to save the funds. Thus the hedge is the term used for the people who can predict the future. Thus the future finance view can help in predicting how well the money can be reserved and saved.

2.9 HEDGING STRATEGY

The strategy that is mainly used to predict the financial outlook of the person, the hedging strategy is used as a tool to feel like the future with financial measurements. It is often suggested to invest the hard earned money in bonds, stocks, and other ornaments like gold, land and thus the financial decisions are mainly positive. We act upon a hedge person, a person who should set boundaries for financial crises and other negative financial impacts, simple conditions and protection against any adverse situations. When it comes to the economy, for example: Taking Norway, the governed wants to manage the sovereign health funds, he decided to invest more money on real estates, and to allocate some of the funds in banks, and twice of the money is transferred to equity and bonds. As nothing is predictable when it doubts hedge.

Cooling of mechanisms in decision making is based on behavioural mechanisms. There cannot be a proper decision maker when he is emotional, not all people are knowers, emotions are like hardwired which are connected to humans, these make humans make good decisions. Emotions are tied to one's decisions it is important to seek mechanisms that help in making things under control. Sometimes the decision makers make decisions and they give some time over the situations, where they need to enhance the time to give away the decisions so that it can impact well. Democratic theory opposes the immediate actions which are judged based on people's emotions. Hence HDMT states that any decisions made need a halt, and delay in implementing the decisions are termed as cooling off. Decisions based on current scenario people behave as if their decisions are always perfect and implementing their ideas to put in to practical way. But they are forgetting that there can be more obstacles in achieving their dreams, and they do suffer a lot of depression once they feel that they can't reach where they want to be, this is because they were not ready to face the current situations with positive outlook. There is nothing such as profit, a perfect plan is nothing but correcting all imperfections in a way of reaching perfection. Sticking with history, it is always good to have a clear picture of the future, but the collection of history helps in predicting the decisions which need to be made to reach out in future. A self assumptions and predictions for moving forward needs humble decision making in the situations, where it leads proper decision making which can lead to a profitable future.

5. PRINCIPLE OF ECONOMIC UNION

5.1 Principle of Justice

In order to explain the context of principle of justice, I have referenced the journal titled the "Principle of Economic union; An extension of John Rawls theory of justice", This reference of journal can give us the concept of justice how the rules in the Europe economy has been implemented. They have addressed the issue of *legitimacy crisis and identity crises. To identify the standard of justice and provide justice to Europeans and guide the economic union.*

The principle of justice for the economic union, the constructivist theory of justice has been considered to resolve the issue faced by the Europe unions, the principle of economics has also been used as the common point of reference in order to implement the justice to European people based on the economic union current issues. The formation of policies based on human rights

and this formation of principles should not led to conflicts based on social and international justice. The principle of economics has taken in to consideration and the constructivist theory of justice has taken into account in forming the new policies of the economic union which is currently facing the issue on identity crisis, and the justice should be given to the European people and the policies need to be laid without creating the conflict based on principle of social justice and international justice.

Before addressing the problem it is important to understand the issues faced by the society.

Problem: European Union confronted with wars in borders as a result of these wars with countries like Ukraine and North Africa, the economy felt difficult to relate, the response of Europe suffers from a legitimacy crisis or identity crisis.

Aim: To identify the standard of justice and to guide the economic union. The principle of justice has been formalised only to state and nation, the economy insists the separate law of people for international order of state and creates international justice for humans facing the identity crisis. It is important to create the international order of justice within each state to create an identity for people facing the identity crisis. creation of separate law of people and international order of state.

The European has. Related new type of political subjects, super national institution governing the internal market of the economy. As the people from different countries need to be addressed with the same justice of the state in the people under economic union.

Some of the common methods adopted by the European economy to face this issues and to create a new policies of law are,

- Distributive justice where the justice policies can be acquired by the people in the nation as well as the people internationally
- European slips through theoretical framework not adapted in the political landscape
- Rawls theoretical structure of domestic justice and international order
- Old theoretical framework is out of date and a review on political theory of European Union.
- Need for political architecture and legal thought.
- Excellence of statism that is John's Rawls theory of justice for domestic cases and law of people for international order.

5.2 ECONOMIC UNION AS SUBJECT OF JUSTICE

The economic union is the society , where the regular principles of social justice apply to the intergovernmental organisations governed by the principle of international law. The policies, rules and regulations are laid based on context to justice to the people and the society, and have been generalised in the form of rules by the intergovernmental society. societies are related to the economic union, each society should abide the rules and regulations laid by the economy with in the state. Market economy is governed by super national body which are working under national government bodies and policies. The market has work within the state body functions in order to acquire the international trade of products which in turn has to face the consequences if not dining the rules of the economy and policies. The European Union is the intergovernmental organisation, not with the internal market , the intergovernmental law is applied when it is the matter of two states or nations.

The European internal market adopts the community method and acts independently as the super national institution. the intergovernmental law has been implemented if it's the act of matter of two states alone, not for the international affairs.

The economy is the union of societies , international organisations and the hierarchy of different principles of domestic justice , including economic union society and international orders. It was independently in relaying the policies for the internal market of the economy so as to promote justice and the peace in the market economy. Justice is laid. Y the law based on the economical rules and regulations of the societies.the construction of principles, over the already constructed principle of domestic justice and international order. Formulating the principles for justice for the economic union provides subjects of the union with objective standards. The standardisation of the objective was based with the international affairs of the economy, who should obtain the social justice for their identity and in the market of the economy.citizens are part of the economic union , where one side they face the union of international affairs and the other side they face the state or nation of the state.The economic union regulate the market economy and provide the distributive justice in the market.. the theories of distributive justice, the free market economy with modern moral norm, freedom and equal rights for the people , social or emancipatory spirit of liberalism ,needs to been new,y implemented the rules of the economy has to be reformed and refrain the policies with in the social norm of justice. The market economy needs to be monitored and corrected and integrated with public systems. Thus the **economic union** can be defined as the

Number of link of markets+ public system+ society need of market+ national institution (union institution).

The above statement is a well defined notion of economic union as it is composed of economic trade. The trade of the economy includes the number of markets in links , the public systems where the rules of the public have been implemented, the society's need of market economy and finally the national institution.

5.3 Restructuring of rules

The rules of the economy are Restructured based people demand in the economy, they fight for justice and they need rights to be given for their well-being in the society. In the context of the problem faced by the European society, the citizens asked for international laws and demands in order to abolish the identity differences.

1. Providing construction of rules with right standards ,The need for the formation of rules for the economic union , it has to be constructed with right standards in order to implement a social economy with right standards where all people in the economy avail the rules of international standards.

2) The position is not cosmopolitan: cosmopolitan in other terms is defined as the wide exposure to international culture and people. As for now the European senate is not cosmopolitan and it needs the rules to be restructured in order to make the European country Cosmo.

3) institutions focus only on super national internal governance character of the union not with internal market: need more structure in reforming the rules and regulations of the union and member institutions.the rules to be made with internal governmental character of the union.

5.4 Rawls constructivism

The rules are constructed by the people, the laws are formulated from ignorance, when the blockage is following their own principle and their interests. The rules has been laid in order to overcome the ignorance faced by the people in the economy so as to implement the rules for justice given to the people to follow their interest in the economy, to exile perish their role of identity in the society as well as improve their voice for blockage to their interests. Justice as fairness looking as an economist who considers people all interest as their own. The Rawls constructivism theory is based on restructuring the rules in the economy to entitle the justice

based on people's nature of living and their interests.

Aim:

- To construct principles objective standards, ideas with procedure
- Distribute liberties and opportunities equally
- To distribute income through fair markets
- Reasonable citizens are treated as equal and independent duty to assist people in need.

The aim of Rawls theory has been utilised in order to reform the structure of laws and regulations in order to implement the right standards rules to provide justice to the society and create peace to people.

With support of Francis Chenevals Principle of Multilateral democracy with objectivity and order

5.5 Francis Chenevals theory

This theory concentrated in the context of an intelligent mix of two original positions, termed as principle of multilateral democracy. This principle is the outcome of negotiation between three different parties located behind the veils of ignorance, parties with different set of interests and subjects etc.

Chenevals innovation: *principle needs to be addressed for the same interest and objective of people from different countries and they are represented in a single class of subjects in section 5.*

Principle of Multilateral democracy:

- Free standing : Not deduced from national or cosmopolitan model of democracy
- The clear picture relating to national and international set of principles.
- Chaveles is stating a social and international set of principles, not by a multilateral set they cannot follow the set and it is for multilateral democracy only.

5.6 Rawls method of extension

One of the common methods adopted by Rawls is the constructivist theory, the theory of justice to the people. All the laws related to justice of people have been considered as reference here, all polity relevant subjects are unsystematic if the relation of principle laid now are related to the construction itself. The principle should be placed in the appropriate sequence, and it should be subordinate to those principles. The law of people, to lay out the sequence of procedure of construction in the economy for the upliftment of trade in the society in order to gain the raise in level of standards of living of the people , in such a. Way that in which the result should not affect the market equilibrium. There are two original positions

1. principle of social justice : it is implementing the free equal rights for the people in the same democratic country. The law is laid to implement social justice to the people of different interests, and laws of equality and freedom need to be implemented.
2. Law of people. Liberal people are to be provided with social justice and those laws should come under social justice of international order. The liberal democratic society needs to be addressed with law related with international people but not as same as the domestic law and it should be addressed with liberal citizens.

5.7 Summary of principles implemented in European union

	First original position	Second original position
Moral ideal	Organising ideas where the system of fair cooperation between free and equal moral citizens	Same organising idea, fair cooperation between free and equal moral persons public form of justice
Key assumption	Principle of social justice only , principles are closed no relation with other	Relation with other society are considered subject to international order is required
Interests	People select principle which protect their principles where their rights income opportunities and self respect	Cooperation between free and equal moral citizens, reasonable liberal people consumption of political justice, Free culture with its civil liberties, Free political institutions, people self respect culture and accomplishments based on basic structure of the society people of liberal justice and free institutions
Principles	Division of rights and opportunities an unequal distribution of income and least advantages	Parties select principles of foreign policies which stress independence.
Method of extension	Parallel , cooperation between free and equal citizens in terms of social justice	Relations to the original positions in terms of liberal people and principle of international justice , foreign policy or international justice.

Picture 5: Tabulation for the summary of principle implemented in European Union

The above mentioned principle has laid to the formation of new set of principle in the economic union and the restructuring of current economy of social people has been modelled to create a new set of regularities to liberal people of international law of social justice which in turn created the formulation of the new principle of economic union and theory of social justice has been implemented

The theory of social justice includes not on the social domestic rules within the nations and from state to state but has been now implemented internationally, the point of principle of international justice to protect those interests of societies honouring the principle of social justice and principle of foreign policy.

5.8 PRINCIPLE OF ECONOMIC UNION

To construct the principle of social justice , in order of already constructed principles of social and international journal in every sequential manner.

Point of view:

The set of its principle justice as objective.

Herbermans lead : view the subjects of an economic union as equal and free and having identical interests , people having the same interests should be able to ask for rights of equal freedom and justice to pursue their interest and any blockage in those interest may disrupt their way of rights towards the economy ,we will not be able to see the principle of justice as objective.

Moral idea: To obtain double citizenship both as the citizen of home country as well as citizen of living in different city or different country ,reinterpretation in the case of economy and society member of the economic union and society functions are transferred to union.All the citizenship acquired by the person can be implemented under the state of law in order to pursue her interests in the country her wish to live under the law of liberal and social economic justice.

Key assumption

Society's basic structure and the political identity and legal institutions are under construction based upon the international law of justice for multilateral democratic society, considering the liberal citizens and their rights to acquire justice in the economy, they have been asked to obtain the freedom and equality of justice. The closed economy is only for the democratic people whose relations are only within the economy.All actions are controlled within the society government regulations spectrum background justice . Natural and social inequalities should be abolished before it acquires the peace of the society between free and equal citizens.

New framework of law for liberal economic citizens

The new framework for the liberal domestic citizens, whose economic exposure and regional background has been from different societies. The culture background and the exposure of the citizens from regional background varies from one country to another, hence they are termed as multilateral lebral people in the society .Domestically embedded free market should be restructured considering the economic union as the rules once related with international market lebral people have to utilise the market for their own consumption. And these laws should be adopted with international basic structure.

International law and order of society by the law of people

Law should be laid based on the principle of equality and independence, law of people side constraints, and people should acquire equal and independent states. The law of domestic people with the internal markets, the law of the international people whose constraints should be laid

within the international law of justice where justice should be laid for the liberal people, institutions should be super national, each society of people is equal and independent.

6.A NOTE ON THE ECONOMIC PRINCIPLE OF POLICY MAKING IN INDIA

In this context to Indian as a developing economy, considering the politics, academics, and bureaucracy the culture characteristics and operations has been laid under study. Kaushik Basu appointed as the chief economic advisor, to the government of India in 2009, stated economists are considered to be the person who is capable of creating the policies abiding the rules of government of India. Trying out to bring the complexities in the economy with political and bureaucratic over the issues of policy making. The NEO classical approach where the economic policy are derived from, with simplistic assumptions, logic facts and possesses complicated maths, the traditional assumptions *Ceteris Paribus*: other things being equal, the policy making should always possess the critical understanding with logical thinking under traditional circumstances.

Policy maker: law of economics +Democratic pressure

The law of economics is nothing but the combination of science intuition and experimentation.

6.1 The efficiency of the market operating is down due to three reasons,

1. tightening of the monetary policy by RBI
2. Indecisiveness of the bureaucratic and politicians
3. Heavy market borrowings
4. Infrastructure development.

The above 4 are the underlying reasons for the fall of the Indian economy market. Their tightening of the monetary policy of RBI has led to economic convenience in the monetary issues in the Indian economy. The reason for these tight monetary issues are due to factors like heavy borrowings from the economy and with context to the no proper usage of money in terms of social development and the rules were against the social context of improvement in economic activities.

The politicians have never gained respect in the Indian society, they have been under the context of the thought that the entire economy is theirs, they have no proper education and they earn the concept of utilising the power given to them in the wrong way. They don't think of themselves as economists and their way of handling things is not accepted by the people. The polity in the economy should act as economists and should be able to address the problems caused in the society for the people. Here in India the role of political authority in each state has been managed by the central government. The role of the state is governed by the central authorities in India. Here in the south the problems are to be addressed by the politicians, but here the problem itself is politicians only, who don't know the basic rules of the society.

As India has wide borrowing, interest rate on borrowings has also equally increased, thus in India the monetary issues are always being the toughest job to handle to make the economy grow better. The addressing the economic issues were not proper due to poor monetary issues management, hence the financial annual planning has to be under consideration in order to repay the debt India has over the other countries and it can be done only by the people of the Indian

institution, when they can pay tax for well being of the economy and India can surely exile if the people of the constitution do their part correctly in order repay the debt.

India lacks in infrastructure development, the infrastructure has always been low within Indian economy. The infrastructure does not only includes the buildings in the society , it also includes the basic amenities, the social infrastructure, the proper management of industries, nil unemployment issues and no poor prevailing in India, all have to acquire the right to educate , and to eradicate the illiterate Nd to improve the course of literate to bring the economy in to higher status.

All the above factors had led to inflation in India, as Indian context emerging countries always go through inflation, the *inflation is the term defined as the decline of purchasing power of the currency given over time of the economy.* nether emerging economy face inflation then advance economics face stagnation a and deflation because excess liquidity injected in to the latter has flown in to the former.

In Indian economy the inflation has been arise and Kaushik stated that these issuers has to be addressed namely

- Inflation in the economy
- Need to identify the source of inflation
- Blanked prohibition and excessive regulations
- Demand management

Considering the interest rate in the economy it is important to tighten the interest rate below and the equilibrium of the market should be achieved. Which in reverse will become ineffective.

The benefits based on inflation hypothesis are

Increases in the income of the poor have put upward pressure on prices consumption based challenge, doesn't increase the consumption expenditure as oversupply is restricted.

6.2 Macro economic demands

Pressing the concerns of the Indian economy, one of the major drawbacks is lack of infrastructure development to face the economic growth. The infrastructure development can lead the economy to attain greater economic growth in society, the two laws has been implemented by the Indian economy to overcome this issues that is,

Implementation of rational tax code rather than rising tax rates to increase tax GDP ratio. All the tax related laws has been revised and they have come to the conclusion that only rational tax application can improve the economic growth , not all people can pay tax , people who can pay tax according to their standards of living in the society can be appreciated rather than applying the same tax value to all people with no differences. People with normal income cannot afford to attain the tax acquiring standards of Indian economy, hence rational decision of paying tax can resolve this problem, in the simpler role of applying equity to people's concerns.

1) Strategic government assurance

A strategy to manage the financial issues in the economy, in terms of fiscal deficit. The monetary policy of Indian has to be generalised, the revised floating exchange rate policy option, revision of fixed exchange rate piles up the forex reserves. Central bank to reconsider the regulations of exchange rate management and reserve management as two independent objectives

- A. Food security and poverty : Improving the poor food storage to be net buyer in both good and bad times is a bad strategy, the government should permit the buying of food goods in batches , minimum support price need to be implemented and should be regularised based on government decisions , this will permit them to make reasonable profit and that will make the people to obey law.

B. Inequality poverty and education are highly dissatisfaction in terms of globalisation

The eradication of poverty concept should make the poor to be skilled labor rather than making them still lazy as an unskilled person. The eradicating the poor strategy should motivate him of being poor and make a poor skilled labor become unskilled.

7.INDIA COLLABORATION WITH INTERNATIONAL COUNTRIES-A SMALL NOTE ON INDIA OUTSOURCING INDUSTRY WITH MICRO AND MACRO CONTEXT.

A small brief of India's outlook on Human Resource's policies in micro and macro level with economic development strategies.the common issues at macro level is the skill shortages, that is inability of the economy to produce higher level skilled labour and same opposite is the macro level issues that is very high level employee and rapid increase in employability. Considering the jobs from the United States Of America to India , outsourcing Indian employees may harm the middle class Americans, that affects the economic future of the United States. It is exactly opposite when we see from Indian perspective.

EOI(Economic development strategy) in it the export oriented industrialisation and EOS (Export oriented services) are the two important strategies adopted by Indian economy to overcome the economic issues prevailing in Indian due to outsourcing industries collaborations for the improvement of employability in India. Some of the Human Resource policies adopted by India are low cost, English speaking and significantly trained manpower.

A small brief about Macro level challenges faced by the US economy are:

- A. current skill shortages
- B. High end skills for long term sustainability

Micro level challenges faced by the Indian economy are:

- A. Human Resource policy challenges
- B. High turnover for employees.

A skill equilibrium framework has to be in consideration.

METHODOLOGY

In order to implement the methodology to overcome the drawbacks in industries, it is important for us to gain the perspective of different sectors in outsourcing industries of India . One of two broad classification of outsourcing industries in India are BPO sector termed as Business process outsourcing , while considering the employees in this sector, it was able to understand that , people felt complexity in work, accent neutralisation and working nature of the BPO sector are tayloristic in nature

7.1 NASSCOM: National association of software and service companies

It is the community , where work is based on ability to network both domestically and internationally in the software and their solutions to network reliability.

This sector includes various subdivisions of services namely

- Research on software technologies
- Market intelligence services
- Training in industry best practices
- Quality and security standards
- National skill registry

- Annual reports
- Organises the seminar , conducts Human Resource summits, technical conferences and finally case study presentations.
- Strategic advisors
- They posses 95% of revenues
- To implement certain issues on slow moving government policy agenda
- Have voice in creation of government policy
- Committee in government departments , Ministry of finance , Ministry of Labours and external affairs and consulting services.
- Telecom infrastructure, physical infrastructure band IT orientations
- Representing industries interests in the political arena.

The Indian outsourcing economy industry is termed as NASSCOM IT - ITES industry. Information technology and information technology enabled services. There are four segments in the IT industries namely

1. IT services and software
2. Business process outsourcing
3. Hardware engineering services research and development
4. Software products.

7.2 Origin of Software and Business process outsourcing segments

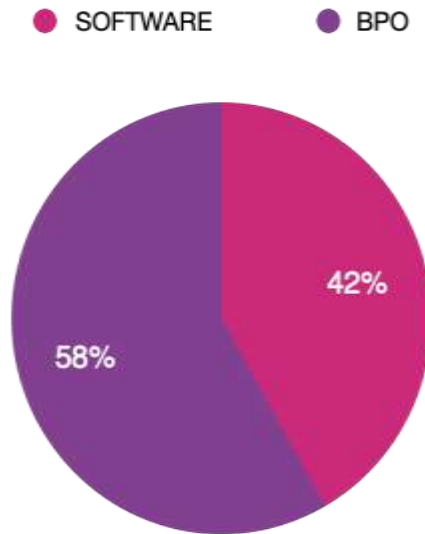
The catalysts for the increase in the software segment in India are based on the economical aspect of growth through the outsourcing of software industries with the concept of micro and macro economy. The common catalyst that initiated the software industries are

1. General liberalisation of Indian economy
2. Governmental policies favourable to software and relevant communications and Indian firms such as TCS, Wipro and Infosys.
3. Y2K crisis India's reputation in software
4. Silicon Valley
5. Large pool of low cost skilled English speaking labour's

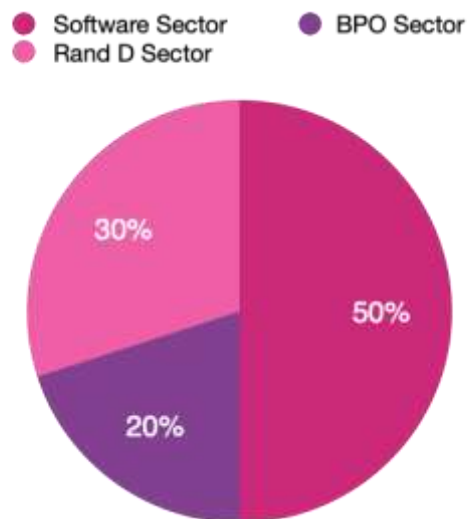
The main aim of the USA firms is to establish their economy as the number one economy in the world, and they smartly utilised the man power in India, they want to pay less as well as want to get the job done with cheaper locations and less paid labour's and finally choose India. There are huge cost differences in employing Indian compared to US citizens, which earns profit to the US economy.

7.3 INDUSTRY SIZE AND GROWTH

The overall revenue of the outsourcing sector in the year 2006-07 was said to be 47.8 dollars, there was steady growth from them , the revenue collected by the Indian economy from software sector is 50% and that of BPO sector is 20% and R and D sector revenue collected is 30%. The standard consistent growth was remarkably positive in outsourcing industries in India.



Picture6: Size in growth of outsourcing industries in India 2006-07



Picture7: Revenue share data of BPO, Software and Rand D sectors

Considering the past five years the growth of the IT sector was seen to be 42% and BPO sector is seen to be 58%. The emergence of this outsourcing industry and its growth towards the revenue collection has drastically decreased the unemployment rate in India . In the data the revenue collected by each sector will be given diagrammatically, we could acknowledge that the revenue collected by the BPO sector is 20% and in the Software sector it is 50% , finally in the R and D sector we have 30%. The employment rate has improved with outsourcing industries, the direct employment rate is 1.6million in 2006-2007 and increased to 5 million by 2012. The indirect employment rate is 1.2 million in catering, construction, security and transportation and in the

agriculture sector it is 18.5%.

7.4 The industry composition and structure

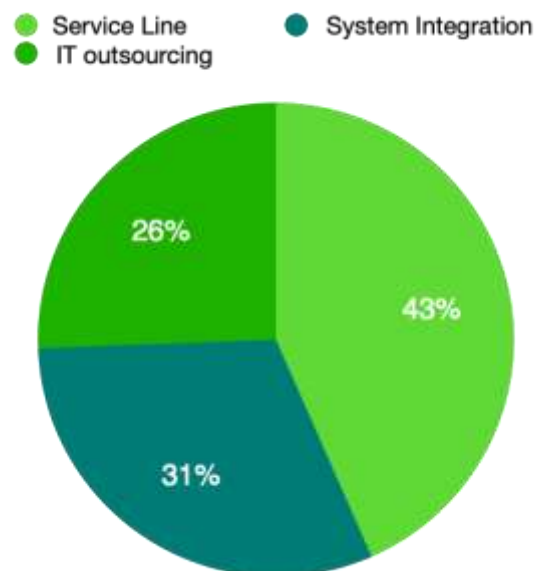
7.4a) Software Service Segment

The software service agent is the important domain in outsourcing industries in India. The composition of India industries are service line which is based on project oriented service, and it is composed of 56% of total revenue, then system integration sector , which comprises 40% of It network and consulting and finally the service line in IT outsourcing , that is 33% of the segment revenues.

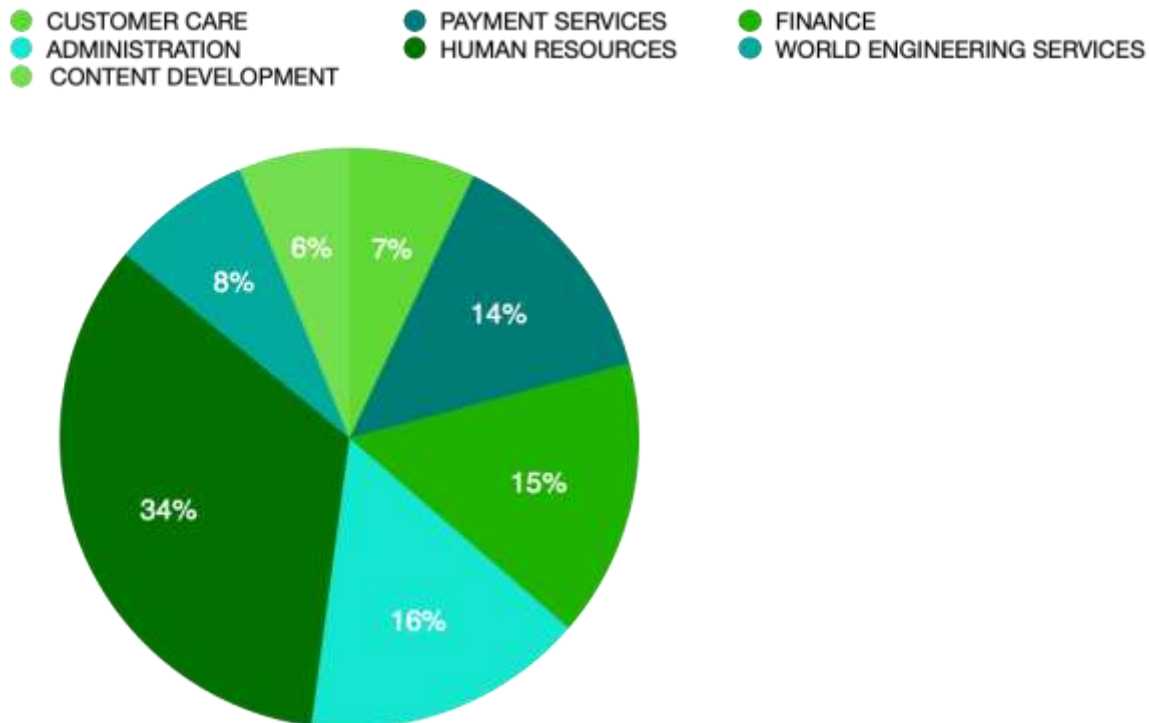
As an IT employee, we have two types of employees namely offsite (global delivery model) and on-site (Higher value added services on-site) based on consultation in the US. In the global delivery model 43% of employees have been sent offshore and has increased by 70% of employees in 2005.there is a new layer of Indian IT department as the competition bids high with Argentina, Latvia, Malaysia etc.

7.4b) The a business Process Outsourcing (BPO Segment) composes the 48-50% market share offshore location strategies.India BPO competitors are China, Malaysia, Czech Republic, Singapore, Philippines , Canada and Poland. BPO has increased by 50% in growth rate, the employment rate has increased to 50,000 to 4,15,000 in mid 2006. The customer call centre has 40% of growth rate in Indian economy . The overall growth rate statistics of Indian county is represented below.

The BPO segment is considered to be the most dominant sector in the global market, it



Picture 8: composition of software service segment in terms of revenue



Picture 9: Growth rate of Industrial Sector In India

The advanced engineering services includes the Financial process outsourcing (FPO) , and Knowledge process outsourcing (KPO), which comprise 28% of world engineering services, there need high skills to be a part of FPO and KPO. India had 15% world wide market share in 2006, and 15 billion revenue shares in outsourcing engineering services.28% revenue shares for world engineering services, which consists of aerospace, automotive, pharmaceuticals and medical engineering.

The development in many engineering services such as Siemens, aerospace , Philips, Delphi , Daimler and Bosch established the Rand D development, there was an increase in revenue rate to 44% in the Rand D oriented field of embedded software in the year 2005-2006.

SOFTWARE PRODUCTS IN INDIA

The development of new software products in India are

- Finacle by Infosys , in the stream of financial banking industries
- Iflux Flexcube -Internet banking industry
- Life Science and Finance - Medical research, drug discovery, drug testing and clinical trials
- Financial services-High skilled job, Equity Research, Data modelling and actuarial analytics.

7.5 MACRO AND MICRO HUMAN RESOURCE CHALLENGES

The two threats faced by the Indian outsourcing industries in the economy are determined in the micro and macro context. In macro economy the economical issues faced are the government level policy intervention, which includes the Human Resource segments where there is shortage in skill in Human Resource's, and there is need in advanced education and training infrastructure in high skilled manpower. In micro Human Resource problems which is directly related to macro

level Human Resources, where the high average turn out rate is 20% in software segment, 50-60% in business process outsourcing skill shortages.

1. Shortage in supply of Skilled labour

In the BPO segment there are low cost skilled software engineers , the demand of the job is trained well, educated English speaking manpower. As there are critical Labour shortages, the demand for skilled labour has increased, the current issues faced by the segment are a sense of good statistics, number of English speakers BPO call centres are in shortage mainly in skilled labour's , they lack domain knowledge in banking, telecom and retail and manufacturing.

Whereas in the Software segment, there are 5,62,000 software professionals which is the rise from 3,98,000 professionals in 2005. There is a shortage in software skills such as in Java ,C++,ERP, SAP and J2EE.I application developers and database engineers.

And finally the R and D segments , where there is more demand for skilled labour and data analysts, need more master level skilled labour from the stream in economics and maths. Indian education system will drop from producing engineers and scientists.

2. High turnover in industry

There is high turnover of 50-60% in BPO segment and 20% in software segment , in the software segment there are high turnovers in specialty levels , developers, project managers and high level executives.

In the BPO segment the working profile of the employees are evaluated by Taylor Ed structure which has bonded labour, highly repetitive, no of calls made and they work under intensive monitoring. Some of the drawbacks are they are highly stressed., and night shifts take place with more stress of time changing issues. They provide very little training to employees and managers seem to be trained very less.

3. Demographic profile of employees

Targeting the appropriate labor market, they feel women quit their jobs after they get married, there are more issues in the labour market and they need more skilled labour throughout the company demands so that all the factors related to labour's need to be analysed.

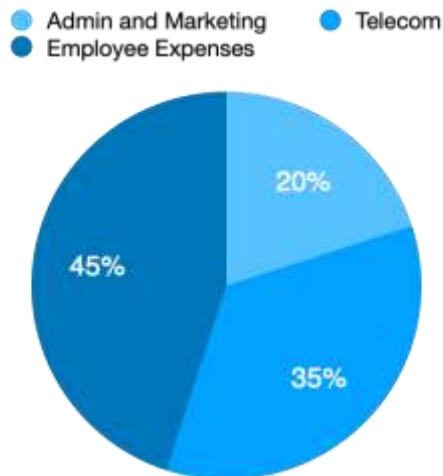
4.Psycho social factors

The new working habit and patterns of the living are distancing. Ew to people , people working late at night, getting away from culture, value system traditions and beliefs by the middle class all these stressed up the psychological factors of the humans, which can directly affect the working capability of the employee.

5)Increasing human resource costs

Low cost records for Human Resource's in both BPO and software segments,India cost 15-20% to that of the United States, based on skills there are high value added portions, need building up stock workers with skills rise in costs threatens the industry growth.

The BPO cost can for employees 45%, 20% for other admin and marketing and 35% by telecom



PICTURE 10: BPO cost statistics

In call centre industry they provide training for 14 weeks, and there are three types of training namely communication grammar, vocabulary, pronunciation and accent neutralisation. Indians lack in voice modulation, moderating rate of speech. The amount of cost utilised in training clients culture are mainly for soft skills, comprehensive skills project and project specific skills. Whereas in Employee cost includes employee transport from work safe and public transportation, especially at night, the safety of female employees, 50% of workforce need the transport facilities. Hence there is a need for better urban transport systems and more English speaking graduates.

7.6 DEVELOPING LONG TERM HIGH SKILL HUMAN RESOURCE CAPABILITY , INFRASTRUCTURE, INTERNATIONAL COLLABORATION

Upward trajectory of outsourcing industries. The government spending on research and development is lower in India (0.84%) GDP in 2007. The proportion spending on higher education has been decreased in India, the doctorate produced in India are declining by 50% from 1947 to 38% in 2002. Phd received is low in engineering and technology, either they opt for industry research staff, and they are paid a higher salary 15-20% doctorates are not employed, poor faculty quality, poor leadership , infrastructure problems and suffers from quality problems. India is in 33rd position in research quality, IT has very poor infrastructure, no proper electrical supply. Government has to concentrate more on recruiting skilled labour by implementing good training to the employees. Government introduced various assessment tests to work readiness and to produce more skilled labour's collaboration within the competitive environment.

Taking long term looks in Indian economy

Increase in supply of skilled labor, industry needs incentives for private sectors language and communication skills, screening BPO candidates, reducing HR costs and public transportation.

Need for improvement in infrastructure such as improving higher education infrastructure, high skilled labour and doctoral level research, scientists engineers and post graduates. Self sustaining ecosystem needs catalysts , to inform the growth of stimulants, nourishment in terms of venture capital and human capital relation between Humana and educational institutions.

Supporting environment such as schools, culture leisure activities Innova and risk taking. providing more education rather than skilled education for long term skill development in

people which help in long term run in the institution. introduction to new English schools and even fir,s and academia of leading software companies such as Mid-tree, TCSSUN , INTEL. Policies to enhance career development further in education while working , employee stock option plans to job enrichment programs.

COLLABORATION IN COMPETITIVE ENVIRONMENT

Industries +government +educational institutions +not to pouch employees

Within three months of their learning job, job research and training programs, addressing the long term capital issues change in government macro Human Resource's decisions and development and policies can enhance the economy growth and providing good education at a higher level can improve the technical skills of the employee.

OUTLOOK ON PRINCIPLE OF ECONOMICS BY GEORGE MANKIW, AND AN AUSTRIAN CRITIQUE IN QUALITY JOURNAL OF AUSTRIAN ECONOMICS

The two founding fathers of economics are Carl Menger and Eugenvon Bohm-BWerk. Austrian economics follows the NEO classical economics orthodoxy. They have a thought that economics is physical science that is nowhere related to social science. The economic policies of Austria are basically derived from the institutional analysis which are the combination of set of logic and facts with pre assumptions. They implement economic policy based on the people's interest towards freedom ability with individual freedom.

Now to have a short overview on Mankiw Ten principles of Economics.

Picture 11: GEorge Mankiw Ten principle of Economics

<p>HOW PEOPLE MAKE DECISIONS</p> <ol style="list-style-type: none"> 1. People face trade-offs. 2. The cost of something is what you give up to get it. 3. Rational people think at the margin. 4. People respond to incentives.
<p>HOW PEOPLE INTERACT</p> <ol style="list-style-type: none"> 5. Trade can make everyone better off. 6. Markets are usually a good way to organize economic activity. 7. Government can sometimes improve market outcomes.
<p>HOW THE ECONOMY AS A WHOLE WORKS</p> <ol style="list-style-type: none"> 8. A country's standard of living depends on its ability to produce goods and services. 9. Prices rise when the government prints too much money. 10. Society faces a short-run trade-off between inflation and unemployment.

7.7 Comparative study of Austrian economic principle to George Mankiw study of economic principle.-An Austrian Critique

8.1.a) Principle of Scarcity

The individual behaviour towards decision making and his interest towards economy. The choice or decisions made by the individual, their priority, their provoking emotions in choosing between the two

B) Opportunity cost

The opportunity cost of an item is what you give up to get that item. According to Austrian economists measuring cost is trying to measure the value of the foregone opportunities. As opposed to measuring only the out of pocket expenses, accounting cost, all costs are subjective therefore cannot be added

Clarification of the logical role of the concept of cost in order to explicate clearly the distinction between the two ideas—the value of forsaken alternatives and the so-called undesirable attributes—was begun by the Austrian school of economics in the nineteenth century and was further developed by Frank Knight (1924). (p. 304)

Picture 12: opportunity cost in terms of Austrian economists

The subjective cost of the time spent to work cannot be calculated and it is not constant. As it cannot be calculated, it cannot be measured in terms of subjective evaluation. It is not accurate to measure the subjective cost, improvement concept of human behaviour is understood

C) Rational people think at the Margin

The rational thinker action happens only if the marginal benefit of action exceeds the marginal costs.

The Austrian critics state that the people calculate the benefits positive utility and cost a negative utility in small increments. Classical economics on objective costs, resources and factors of production was overtaken by the writings of the marginal burden price determination on subjective matters.

D) People respond to Incentive

Because people make decisions by comparing the costs and benefits, their behavior changes when the cost and benefits change. Human beings always work to achieve their goals, if there are positive and negative roles of incentives then their behaviour changes based on the situations, this process of change in behaviour makes them to learn and termed as the learning process of the humans. The Austrians stress the market process and the role of business in this process. The market is defined as the processing and discovering of new resources and ends rather than selecting from the menu. Equilibrium is termed as the uses and the takes available choices and resources and ends as the given.

E) Trade can make everyone better off

Social interactions are better in trade, transactions take place between people and economic agents. Trade between each country can make each country better off.

Free trade will enhance the welfare of the people, improves the allocation of resources, Trading partners are more productive and efficient and finally enlarges freedom and economic pie.

F) Markets are actually the good way in organising the economic activity

Decentralised decision making and self interested decision makers, successful in organising economic activities promoting overall well being

- Competitive market
- Free market
- Efficient way of allocation of resources.

G) Government can Improve market income

Invisible hand is the concept in the market system which has been utilised to improve the market system and to allocate the resources effectively. The Austrian economists stated that the government intervention in the free market society can promote market equity. The need of government, only in the political agenda to defence the property rights , defence through law and order and court systems.

Government +markets= collectivisation =suboptimal economic outcomes.

State government +market=reduces voluntary exchange and redistribution of wealth which does not decrease in welfare of the economy.the role of state government in market when 1) individual bid too weak to either defend his country or maintain a system of courts and police.

2) when profits are too small and too uncertain to encourage private action

3) Economics are backward and capitalists are scarce.

H) Standard of Living

The ability to produce goods and services, gross domestic product that is per capita GDP, measurement of wealth of nation difference in each country. Income measure of each well being, all variation in living standards are attributable to differences in the country.

Productivity is the Amount of goods and services produced from each hour of work and time.

The Austrian economists noted the sheer ability to produce lots of goods and services based on resources and technology to origins goods resources and budget . According to Mankiw law the labor, labour wages and labour union plays the rules of the game in capitalisation

Factors other than labour productivity are behind the productivity there are technological improvements, look at the same institution, laws to the markets are constrained.

are being increasingly constrained. Consider the following statements: "It is not the physical existence of capital on the which prosperity of society's members depends but rather the position these goods play in the plans of acting individuals." And also, that "the meaning of such [statistical] measurements must be constantly checked against the underlying human plans and purposes that they allegedly represent" (Moss 1976, p. xii).

Picture 13: Laws of markets

I)Price rise when government prints to much money

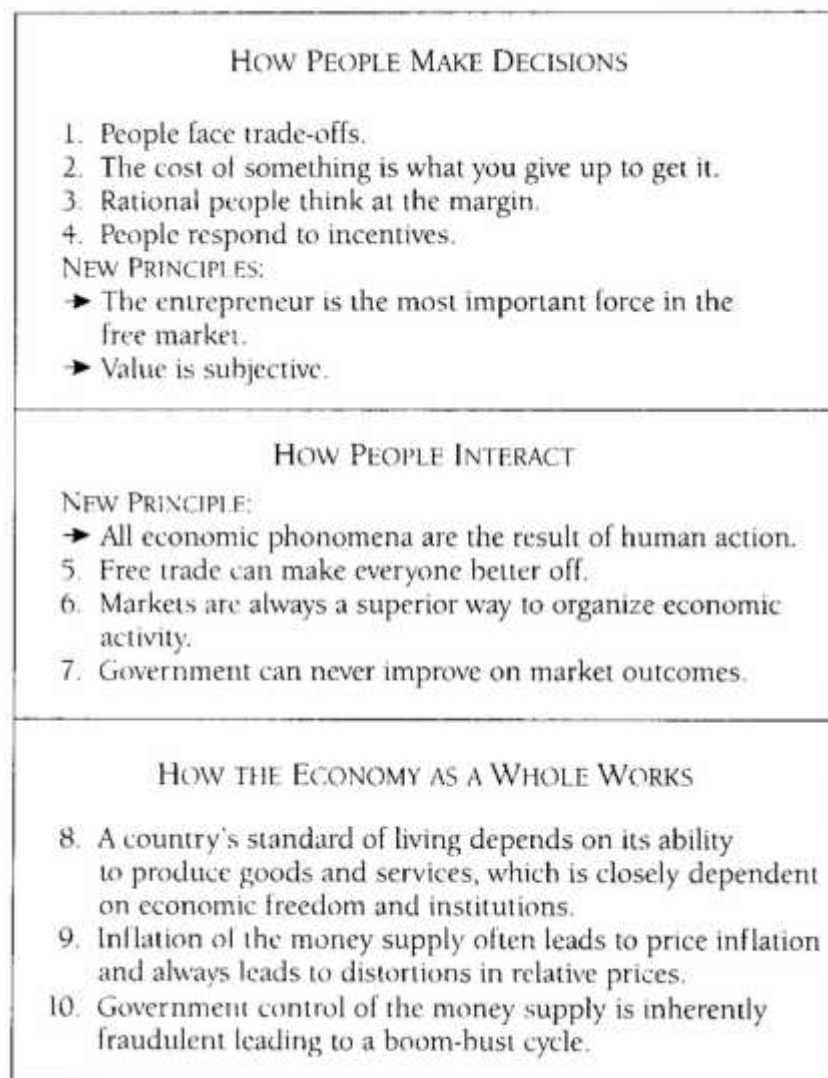
Inflation in macroeconomics is termed as the decline of the purchasing power, the increase in inflation are mainly due to culprits are of the same growth in the quantity of the money.inflation caused due to central banks and producing too much liquidity causes wedge between nominal and interest rates.price rise is the part of inflation , boon expressed in negatively sloped inflation curve, inflation occurs when there is production increases and unemployment decreases, falling out buy or rising unemployment will accompany disinflation. According to Austrian critics, the

inflation increase in money supply rather than increase in price level, the price level overtones aggregation and the price inflation and money inflation happens which causes the Mal investment and distortion's in relative prices.

J) Modern macroeconomic tradition

Society faces trade off between price inflation and unemployment Phillips curve is controversial concept. The government intervention in monetary control can create a boom bust cycle in the economy , where as the Philips is controversial concept . The below diagram is the revised version of George Mankiw ten principle of economics by Austrian economists , where the new approach to the principle of economics has been stated.

Picture 14: Austrian Ten principle of economics



References

Amitav Etzioni, “Humble Decision Making Theory”, (2014), *Public Management review*.PP:611-619.

Bergman wolthuis; “Principle of economic union; An extension of John Rawls theory of justice”, (2018), *John Wiley and sons Ltd*: PP: 454-466.

Catalina-Oana Mirica, “The Behavioural Economics of Decision Making: Explaining Consumer Choice in Terms of Natural Events”, *Economics, Managemnt, and FInancial Markets*.PP:15-20.

James A. Brinkley, Clifford W. Smith, and Jerold L. Zimmerman,”Teaching the Economics of Organisations”(1999),*Financial practice and Education*.PP:120-126.

John R.Munkirs, “Economic power:A Micro-Macro Nexus”(1989),*Journal of Economic Issues*,PP:617-623.

Kranthi Nanduri; “Kaushik Basu: Understanding the economic principles,e of policy making in India, An economist in the real world: The art of policy making in India,”(2015), *MIT press*,PP 413-415.

Munir Quddus and Joseph Horton; “Principle of Economics, An Austrian Critique”; 2002,”*The quality journal of Austrian Economics*, Vol.5 PP:67-77.

SaroKuruvilla and Aruna Ranganathan, “Economic Development Strategies and Macro and Micro Level Human Resource’s Policies:The Case of India’s Outsourcing Industry”(2008), *Industrial and Labour Relations Reviews*,PP:31-71.

Xin Li, Kjeld Erik Brodsgaard and Michael Jacobsen, “Redefining Beijing Consensus: Ten economic principles” (2009), *China economic journal* , PP 297-311.