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Empirical Study on Present Global Economic Situations in Areas of Currency, Rise of Informal Economy, Energy & Venture Capital

David Ackah – Ph.D. Economics Development in Africa
Lecturer & Internal Auditor of Administration
Golden Sunbeam International College of Science Technology

Abstract
The on-going Economic Situations has become the major subject under discussion in most national and international economic forums and summit in recent times because of the casualties it has inflicted to the financial institutions and the economies of the world. The situations like Currency, rise of informal economy, and Energy crises has caused many country within the Euro zone and America to resort to bailout funds in other to ensure continuity of their operations. Countries like Portugal, Ireland, Spain, Italy, India and Greece had to implement some austerity economic policies in order to attract bailout fund from the European central bank. The global economy has experience stagnation or slowdown over the past four years, while international trade volumes have been decreasing. Lives of ordinary people have been adversely affected as unemployment rate keeps on soaring resulting in uncertainty about the future. By examining the performance of the commercial banks, it is true that the banks in Ghana have been experiencing profitability over the last ten years which includes the current years of global financial crisis.

Keyword: *The Economy, Global Situation, Currency, rise of informal economy, and Energy Crises*

I. RESERVE BANKING AND ITS CONNECTION TO MODERN ECONOMICS

If you are entrepreneur setting up your own business, you need to understand how banking and economics work in tandem with your business to gain insights into how you can run your business profitably. Fractional reserve banking can be explained in the following manner: Customer A deposits 100 Dollars in the Bank and the Bank accepts the deposit. The bank in turn to make profits on the deposits lends out loans totaling 1000 Dollars. Before you wonder how the bank can do this, you need to understand that unless Customer A walks into the bank one fine day and demands the entire 100 Dollars back; the bank is safe. Further, according to the central bank requirements, banks are supposed to have cash at hand that varies from country to country. For instance, in many countries central banks have decreed that banks must hold 25 percent of their total reserves in cash. Therefore, the bank that accepted the deposit from Customer A need to hold only 25 Dollars in the form of cash and it is free to do whatever it wants with the other 75 Dollars. Similarly, other customers deposit money and the bank likewise loans them out to other customers. In this way, your deposit of 100 Dollars multiplies to a large amount by the system of fractional reserve banking. In other words, banks must hold a fraction of their reserves in cash and can lend out the rest to the other customers.

A. Leverage, Bank Runs and the Perils of Fractional Reserve Banking

Supposing all customers who have deposited 100 Dollars want their entire money back on day based on some economic event that would have happened. Then, this situation is known as a "run on the bank" and as the bank holds only a fraction as cash, it would be in dire straits needing bailouts from the central banks. The economic event that would have happened can be as simple as the loans that the bank made going bad or what are known as NPA' s or Non-Performing Assets. The event can also be due to the value of the assets that the bank bases its loans on going down. This depreciation in the leverage or the ramping up of loans based on the value of the underlying asset is known as leverage. Take for example, the loan that the bank would have made from the 100 Dollars deposited by customer A. Since only 25 Dollars are to be held in reserve, the bank can loan out the other 75 Dollars. If the loan is for 750 Dollars, the leverage is 10 times. In this case, if the value of the asset depreciates by 10 percent the bank is under water as the leverage is 10 and the depreciation is 10%. Therefore, this leads to a run on the bank once news of this gets out to the depositors. This is the situation in the United States and Europe where banks are heavily leveraged and since the assets or the homes that they used as collateral have depreciated, the banks needed to be bailed out by the governments.

B. The Changing Contours of the Global Currency Reserve System

The term reserve currency means that it is the currency that is used by the countries of the world to trade with each other. For instance, if India or China have to trade with Saudi Arabia for oil, then they use the US Dollar as the reserve currency. Further, if the countries in Europe have to trade with Malaysia or Australia, they too have to use the USD as the reserve currency. In other words, a currency that is used by all countries of the world to trade with each other is known as a global reserve currency. As we shall discuss later, there are many advantages for a country to have its currency as the global reserve currency. For the moment, it would be useful to consider the fact that all countries in the global trading system have to hold reserves of the reserve currency if they are to continue trading with other countries in the world. This means that this reserve currency or "hard currency" becomes the currency of choice for all countries of the world.

C. The US Dollar's Exorbitant Privilege

As the USD is the global reserve currency, it enjoys exorbitant privilege in this status. This means that the US can print as much money as possible and still maintain its superior position since the world uses the USD as the reserve currency, which translates into the fact that the world cannot do without the USD. This confers advantages on the USD and by extension, the US as it can run huge trade deficits and at the same time not worry about whether it would run out of reserves like the other countries. As it has the USD under its control, it need not worry about depleting currency reserves as it can print as many dollars as possible. Indeed, as the reasons for the global economic crisis have been analyzed, it became clear that the US was being profligate and careless in its consumption and standard of living patterns that were conferred to it by the USD being the reserve currency. This unparalleled and hegemonic position meant that even now the US cares little about the effect of its printing money or Quantitative Easing policies on the world.

D. The Threat from the Chinese Yuan

However, it appears that things are changing with the Chinese Yuan being increasingly used in bilateral trade. In recent months, several countries of the world have agreed to trade in Yuan with each other leading to a dent in the status of the USD as the reserve currency. This means the Chinese are announcing their arrival on the world stage with the Yuan and its use gaining traction. The implications of this trend are worrisome for the US, good for the world as the former needs to seriously rethink its consumption-based model, and the latter can instead hold Yuan rather than USD. Once a country like India runs huge trade deficits, it becomes impossible for it to finance it at each turn meaning that it has either to buy dollars or increase exports. On the other hand, if the Yuan were made the reserve currency, countries in Asia would find it easier to trade as they have good trading relationships with China. This is the real significance of the recent moves to have Yuan as the reserve currency, which translates into waning American influence and increasing Chinese assertiveness.

E. Capital Account Convertibility and How it Affects a Country

Capital Account Convertibility means that the currency of a country can be converted into foreign exchange without any controls or restrictions. In other words, Indians can convert their Rupees into Dollars or Euros and Vice Versa without any restrictions placed on them. The reason why it is called capital account convertibility is that the conversion of domestic currencies into foreign currencies is allowed in the capital account and not only the current account.

Capital account refers to expenditures and investments in hard assets, physical premises, and factories as well as investments in land and other capital-intensive items. Current account on the other hand, refers to investments that are short term in duration and hence, they fall under the current account head. As we shall discuss later, there is a significant difference between capital and current accounts as they are different in the period of holding and the kind of investments made. A precondition for many countries to get IMF (International Monetary Fund) or World Bank assistance is to make their currencies capital account convertible so that foreign investors have the exit option quickly and without hassles in times of economic crises.

F. Partially and Fully Convertible Currencies

Partially convertible currencies are those where the currency can be converted in the current account. This means that investors can invest in stock markets and bond markets of the target countries with an option to repatriate their holdings. Further, ordinary citizens can convert their domestic currencies to dollars for expenses like going abroad for work, tourism, and education. On the other hand, capital account convertibility or fully convertible currencies are

those where just about anybody can convert the local currency for foreign currency without any questions or restrictions placed on such conversions.
The key aspect here is that many countries do not allow their currencies to be fully convertible if they do not hold significant foreign exchange reserves. This is also the reason why capital controls are imposed in times of economic crises to prevent a capital flight from these countries. Many Asian countries have learnt from the bitter experience of the Asian financial crisis of 1997 and the Russian Default of 1998 where full convertibility lead to a stampede of foreign investors fleeing the countries in the aftermath of the economic crisis. The other aspect here is that even in the European Union, capital controls are being planned to contain flight of capital to other countries as the Eurozone crisis deepens.

G. Impact on Countries

The previous sections discussed the difference between fully convertible and partially convertible currencies. The impact of convertibility on economies is felt in the way assets held in the domestic country can be repatriated with ease or partially. For instance, in India where the currency is partially convertible, investors cannot liquidate their assets and leave the country without approval. On the other hand, they can repatriate the money that they have invested in the stock market, as was the case in recent months. The effect of this is that many foreign companies do not hold assets like buildings, premises, and other items that fall in the capital account. They also tie up with local companies because in times of crisis, they can exit the joint venture easily and get back their monies invested in the merged entity. As for other countries in South East Asia that were fully convertible, the Asian financial crisis of 1997 was a wakeup call for them as investors fled the country and capital flight accelerated leading to a near collapse of the economies in the region with the exception of Singapore.

II. THE RISE OF THE INFORMAL ECONOMY, THE NEED TO EMBRACE IT AND ENGAGE WITH IT

A. Informal Economy or the System D

We see them everywhere and we even do business with them without pausing to think whether they belong to the organized economy or the informal economy. They are being referred to be the street vendors, the service providers, the waiters and waitresses in restaurants and hotels, the drivers who ferry us around in their taxis and countless other workers who are faceless and nameless in our interactions as part of our daily existence. While the formal economy consists of salaried employees with defined pension schemes and assured perks and benefits, the workers in the informal economy do not have such luxuries and instead, they have to contend with variable pay and work that sometimes dries up, living on the edge of cities, and generally not being counted as part of the workforce. This rise of the informal economy has been dubbed as the growth of the “System D” that is as crucial and critical to the success of the global economy as the formal economy. The workers in this informal economy have been characterized as the “Precariat” class or those whose lives are forever precarious and liquid. However, the point to note here is that businesses have begun to realize the importance of this System D and have started to engage with it and embrace it.

B. The Perils of Not Including the Informal Economy in the Mainstream

The informal economy does not pay taxes to the government, does not appear in the official GDP (Gross Domestic Product) figures except in those cases where the government imputes a certain amount to their contributions based on rough calculations. This means that the informal economy does not appear in any of the official policies and programs and is instead operating outside the pale of the formal and the organized sector. However, estimates suggest that the size of the informal economy as a percentage of the total economy could be as high as a third or even half and hence, there has to be a way of estimating and including their contributions as part of the computation of the statistics.
Further, the sheer number of jobs created by the informal economy makes it a key component of the overall economy and this is more the reason why businesses and policymakers must step up their efforts to include this component in the mainstream. Already, there are many countries in Asia where the courts and the government are devising ways and means of accommodating the informal economy within the mainstream and regularizing their existence by passing laws and statutes that absorb them into the formal economy.

C. The Case for Engagement with the Informal Sector

Studies have shown that by 2020, the informal economies in many parts of the world would be more than the formal economies and the rise of the mobile, itinerant, and global workforce that thrives in the parallel realm would be impossible to ignore. In recent months, Saudi Arabia has started the process of integrating the informal workers or the Precariat class into the mainstream and India has already taken steps to engage with the informal sector. Considering the fact that many businesses that operate in the informal economy do not have an incentive to be part of the mainstream, there is a need for a deeper engagement with the informal sector and ensures that it contributes to the mainstream. Further, there is also the aspect of illegal activities and undesirable elements taking advantage of the fungible nature of the informal economy and proving to be a threat to the existence of the states.
Currency Wars and the Making of the Next Financial Crisis in the Global Economy

D. The Recent Currency Wars

The recent drop in the value of several emerging market currencies coupled with the fact that the BOJ (Bank of Japan) has embarked on extreme monetary stimulus and the US Federal Reserve's unlimited bond buying spree have rekindled fears of a currency war among the currencies of the world. Added to this scenario is the fact that the Chinese Yuan is also depreciating against the major currencies leading to the markets around the world betting on which currency is the next to join in the currency war. Of particular importance is the sharp drop in the value of the Indian Rupee, the South African Rand, and the Indonesian Rupiah over the last few days. All these moves come in the backdrop of worsening economic conditions around the world, which means that countries intentionally debase their currencies to remain competitive. This and the fact that central banks around the world are engaged in unlimited bond buying and monetary easing means that the surfeit of liquidity in the system is making the currencies lose value because there are too many of them circulating in the market.

E. The Nature of Currency Wars

A currency war by definition starts when a country intentionally makes moves that lowers or increases its value when compared with other currencies. This is done either as a means to increase export competitiveness or to discourage imports. Exports earn more money for the same dollar value when currencies depreciate, as the value of the currency is lower when compared to the dollar making the proceeds from exports get more local currency value. On the other hand, imports are made more expensive as the same dollars need more local currencies values to buy the goods and services. This is the reason why many countries usually embark on currency wars because when the global trade and macroeconomic situation is weak, they need more exports and one way of increasing exports is to lower the value of their currencies. The other reason why currency wars take place is that countries around the world are engaging in monetary expansion, which is a euphemism for printing money. When central banks print money in local currencies to monetize the debt or to convert the debt into assets held by them, the result is too much liquidity leading to the value of the currency being lowered and inflation which is another topic altogether.

H. The Consequences of Currency Wars

Many economists fear that the current round of competitive monetary expansion would result in a protracted round of currency wars which might even provoke retaliations from other countries and lead to conflicts both in the markets and in the geopolitical sense. For instance, China has long maintained its value of the Yuan low so that its exports are competitive and it has done this despite opposition from the US and other trading partners who have always expressed their concerns about the Chinese Yuan being undervalued. With so many countries around the world now jumping into the currency wars arena, it is high time for order to be restored as such chaotic conditions in the currency markets do not augur well for the global economic recovery. This is the reason why the IMF (International Monetary Fund) and the World Bank have called upon member countries to desist from currency wars and have explicitly warned countries from doing so. However, this does not seem to have had the desired effect on the members of the global economic system as can be seen from the recent wild gyrations and fluctuations in the values of the global currencies.

III. THE FUTURE OF ENERGY AND ITS IMPLICATIONS FOR BUSINESSES AND SOCIETIES

A. The Oil based Paradigm and its Impact on Businesses and Societies

The whole edifice of society is built on energy. We need energy to power our vehicles, electrify our homes and offices, and to give us products that are manufactured by byproducts of oil and gas. It is common to talk of oil and gas as the primary products whenever the topic of energy comes up. This is because the industrial revolutions as well as the stupendous advances made during the 20th century were all powered by oil and to a lesser extent by natural gas.

It is safe to say that oil is the lubricant that greases the wheels of modern civilization and there is no way we can live without it and not cause dislocations and collapse of modern civilization. However, oil is a finite resource and though we might not ever run out of oil, it becomes progressively difficult to extract it and the era of cheap oil is over. This phenomenon is known in technical jargon as "peak oil" or the point beyond which it becomes costlier to extract oil. Many experts believe that we have passed the peak and some have also attributed the present economic crisis to the depletion of oil and it becoming costlier to explain why the disposable incomes of Americans have taken a hit.

B. Envisioning a Post Petroleum World

This means that we need to start thinking beyond oil if businesses and societies have to transition from oil energy based paradigm to an alternative energy based paradigm. Though this talk of energy transition has been going on for some time now, no concrete action on a large scale has been taken to wean the world away from oil and to transition to an alternative energy based paradigm. Indeed, the situation is dire and urgent, as any alternative energy source needs to build infrastructure like storage depots, transport mechanisms, and conversion methods to be commercially viable. This infrastructure cannot be built overnight, it would take years before that are in place, and hence, the time is now to transition into a post oil based world. We often hear business leaders and policymakers talk about sustainable development and one of the first points in their speeches is about how we need to find alternative energy sources to carry forward the industrial civilization that we have built for ourselves. Apart from this, the other aspect about moving beyond oil is that it has been the primary reason for conflicts in the oil producing countries of the Arab world and Africa as well as in Russia and hence, for a peaceful and stable world, it is high time we moved beyond oil.

C. Some Alternatives to Oil

In recent months, much has been said about shale gas as an alternative to oil and indeed, the hype around it is growing as it is touted to free the United States from dependence on the Middle East and make the country a net exporter of energy as opposed to the present situation where it is a net importer of energy. Apart from this, countries like India are also supposed to have deposits of shale gas, which means that their importance to the global economy would increase. However, as mentioned earlier, it is not enough to find an alternative source of energy. What is important is to have the infrastructure in place to make it commercially viable. This is the reason why wind power, solar power, and fuel cells or the hydrogen alternative have not taken off in a major way as the commercial viability of these sources of energy has not been proved demonstrably.

IV. WHY THERE CANNOT BE GROWTH WITHOUT AN ENERGY TRANSITION

A. The Other Causes of the Present Recession

We all need to grow in order to survive and progress through our lives and careers. Whether it is individuals who climb the corporate ladder, companies that bring in more profits and record higher growth each year, or countries that grow their GDP (Gross Domestic Product) each year, growth is a necessary and established fact. In recent years, the aspect of growth has taken a hit because of the ongoing economic crisis. Though there are many experts who have pointed to the high levels of debt and indebtedness as the reasons why economies are faltering, as they need to payback the debt and hence, their revenues are being consumed by debt repayments, the key term is that the revenues can accrue only if there is growth.

Given the fact that growth cannot materialize out of thin air without corresponding economic activity, the focus now shifts to how economic activity can be kick started. This is where the role of Energy and especially oil enters the picture as basic economics would tell you that in order to grow, one needs investments, and the investments must be transformed into output through productivity and the use of energy. Of course, it is common for many mainstream experts to proclaim that we can still grow with higher energy prices. However, the fact remains that in most conditions, unless oil prices are reasonable, recessions would be common.

B. Peak Oil and the Need to Find Alternative Sources of Energy

Given the fact that we have passed the peak oil phenomenon, which indicates that getting more oil out of the ground would be progressively more expensive, it is indeed a dire situation we are faced in as we confront a future where high oil prices and high indebtedness means that growth is the casualty. This is another fact that is usually ignored in the mainstream analysis. Without going into the reasons for this, it would suffice to state here that the transformation of raw materials into usable finished products and goods requires human labor and energy and without energy, we cannot actualize growth. Which brings us to the topic of this article and that is that we need to find alternative sources of energy as quickly as possible if we are to go from zero growth and no-growth to full growth. Indeed, this aspect is crucial to our future as we are going to face a slow growth scenario in the absence of low energy prices. The other aspect that is connected to this is that unless we grow, we cannot payback our debts and we can only grow when we have abundant energy. Taken together with other resources that are needed for our growth, the implication is that resource depletion is going to hurt us badly in the near future.

C. Energy Transitions take Time

With these points in mind, it is essential to remember that energy transitions take time to actualize as the infrastructure for the extraction, transport, and the last mile connectivity which denotes how the energy is delivered to the consumers all need a lot of time to be built and actualized. This is the reason why the situation is as urgent as estimates indicate that we would have to transition to a new energy paradigm in this decade if we are to avoid economic depressions and even, a collapse of our industrial and consumerist civilization. That means that we do not have much time left in our quest to transition to a new energy source and this is the reason why many experts are already sounding alarm bells about the future that we face.

V. TOUGH TIMES AHEAD FOR THE CORPORATES BECAUSE OF MACROECONOMIC SCENARIO

A. Maturing of Debt

Corporates all over the world face tough times ahead because of a number of factors. These include maturing of the debt that has to be repaid over the next year, falling prospect for growth and revival, and private equity financing coming due, which means that they would have to budget for this eventuality as well. If we take the first aspect, corporates around the world and especially in China and India have taken on huge foreign currency loans in the heady days of the economic boom of the last decade. This debt is maturing in the next one year and has to be repaid in Dollars and Euros. This means that they have to budget for a huge outflow of Dollars, which is becoming increasingly difficult because countries like India already have seen their currencies take a hit and are facing shortfall in the amount of Dollar reserves that they have. The situation in China is somewhat better in this respect as the country has huge Dollar reserves. However, China is sitting on a time bomb of domestic debt that its corporates have accumulated over the last decade or so. This debt is partly the result of frenzied borrowing for expansion and partly the result of the extravagant stimulus that the government pumped into the economy after 2008.

B. Falling Growth, Rising Costs, and Short Term Liquidity Crunch

The second factor, which is to do with falling growth rates feeds into the first factor as in the absence of growth, it is not possible to repay debts because short-term liquidity crunch might result consequently. This is the reason why many corporates are sitting on huge cash reserves as then they would be in a better position to take care of debt repayments in case of falling revenues and rising costs. Of course, this is not the case with all corporates and many of them are being taken over by stronger firms or are being declared insolvent by the banks and the creditors. This is the case with conglomerates like Kingfisher in India where banks and financial institutions have started the process of recovery of debts by attaching their assets. The alternative to this is governmental support or what are known as bailout packages like what was done in the United States with the government rescuing the corporates. However, in India such packages are not yet the norm because of political and social factors. The situation in China is different, as the government has bailed out the corporate sector to a large extent. The point to note here is that even when the governments' bailout the corporates, the resulting debt has to be repaid and this is the scenario in China where corporates have large debt on their balance sheets.

C. Private Equity the coming Buyout of Corporates

The third factor is the coming private equity implosion. Private equity means that significant percentage of the stake in companies are held by these PE firms and where significant debt is held by them as well. Again, this is something that is likely to mature over the next year or so where the PE firms and the debt owed to them would have to be repaid. Unlike in the two factors discussed above, this is more of a private sector-to-private sector interaction that might result in the buyouts of corporates by the PE firms and the investment banks. However, this buyout would result in negative consequences for the corporates, as the normal procedure in such cases is to hive off the unprofitable firms and sell them to others or the PE firms themselves taking over the businesses.

D. Venture Capitalists as Incubators of New Start-ups

Venture capitalists or Angel investors are entities and individuals who fund startups and new businesses. There are many entrepreneurs with great business ideas but who are in need of funding for their ventures. It is not enough to have a great innovative idea when you cannot find funding to take it to fruition. This is where venture capitalists enter the picture as they provide the much needed seed capital to get the venture going. In other words, venture capitalists are those entities or individuals who when they find a business idea compelling and makes economic sense, they provide the ideators with funding so that their startups can be incubated. The term incubation is used to denote to the fact that the initial handholding of the startups must be done in a manner similar to how infants are incubated in their infancy. This means that the venture capitalists and angel investors not only provide initial funding but also guide the startups through their infancy so that they can be put on their feet and hit the ground running.

E. Venture Capitalists as Drivers of Economies

Venture capitalists drive innovation and profitability of new ventures. Any economy needs new ventures to succeed as part of the creative destruction process of capitalism. This means that for an economy to grow, it needs constant innovation and productivity leaps that new ventures often provide. As the new ventures need funding and support during the initial phases, venture capitalists are needed for these startups to hit the ground running. Moreover, new ventures have to be profitable as well as it has been estimated that nearly 50 percent of new ventures fail. This is where venture capitalists who evaluate the business ideas and separate them according to how profitable they would be play a critical and a crucial role in determining the success or otherwise of these ventures. As the examples of Silicon Valley in the United States and to some extent Shanghai in China show, venture capitalists with their deep pockets and keen economic and financial sense can indeed be an asset to the economies of the countries. This is the reason why the US is way ahead of other countries as far as innovation and innovativeness is concerned as it has a long history of venture capitalists and angel investors funding startups and bringing them to fruition.

F. Reasons why we need Venture Capitalists

It has often been said that venture capitalists fill the void that is created between the government and the private sector. However, many governments across the world actively fund new ventures, the bureaucracy, and the red tape that is involved in governmental decision making often stymies the funding of startups and the new venture incubation process.

Further, it is not possible for the government or the banks and financial institutions to fund every good idea that comes their way. Moreover, the venture capitalists are usually staffed with industry veterans and experts who can evaluate a business idea in an expert manner and decide on the profitability or otherwise of the idea. Apart from this, venture capitalists are also needed for guiding the startups in their formative phase.

Venture capitalists are needed as they make the creative destruction process smoother and make the startups transform themselves from chaotic outfits to well-oiled organizations. This means that venture capitalists have a key role to play in shaping the economic destinies of countries. Finally, without venture capitalists, the private sector would be left with no one to guide them on the future directions of the economy and society.

VI. CONCLUSIONS

Having considered the pros and cons of the issue, it must be said that emerging market economies must consider the kind of convertibility after taking into account the various factors that are internal to their functioning and must not make their currencies convertible because of external pressures. The countries of the world need not subsidize the American consumer meaning that overconsumption would lessen and the rest of the world would not need to bear the environmental and social costs of this consumerism. In conclusion, while it is early days in the global currency games, it is fair to say that the future would certainly depend on Asian countries gaining traction and the US having to live with the new realities.

There are many who argue that fractional reserve banking is needed for the economy to grow and that the incidence of bank runs is a statistically minor occurrence. However, there are others who point to the recent troubles in the US and Europe to make the point that fractional reserve banking must be stopped if not regulated. Whichever side you are in, the basic fact remains that leverage is something that must be reined in urgently as the stability of the banking sector is at risk. Since entrepreneurs are depositors and borrowers at the same time, they must know these terms and concepts before setting up businesses. The subsequent articles discuss how the changes in the real economy affect the operations of businesses and their implications for businesses and the people who run them.

Furthermore, in as much as globalization has helped the rise of the global worker, it has also contributed to the rise of the Precariat class as the shrinking of the world, and the borderless nature of the process has helped the informal economy more than it has helped the formal economy. Therefore, one can no longer dismiss the informal economy as being peripheral and as the points made in this article show, we would soon reach a situation where the informal economy would overtake the formal one.

The absence of growth in the global economy, currency wars are inevitable and hence, it is in the interests of all the nations to recover from the crisis without a beggar thy neighbor attitude, which would only worsen the situation for everybody. More than anything else, it is for this reason that currency wars must be avoided.

In addition, it is understood that oil is going to be around with us in the near future. After all, the Stone Age did not end because we ran out of rocks. Therefore, the oil age would not end because we ran out of oil but because the environmental, social, efficiency, economic, and political costs of the oil age have reached a point where we must address them or risk the collapse of modern civilization.

The simple fact that humans need energy every day to work and live can be applied to the whole economy. Without food and energy, we atrophy and become unproductive and even die in the process. Similarly, without energy our civilizations would collapse. When that energy is scarce, we either need to conserve it our find new energy sources to stay fit and healthy. This is the theme that this article is propagating.

Also these three factors that have been discussed point to a scenario where the corporates have a problem on their hands in the next year or so. Of course, corporates being smart have already budgeted for these eventualities and the likely impact would be felt by the employees (first) and the shareholders (next).

We have considered how venture capitalists contribute to the economies of nations. It must be noted that almost all great business ideas and innovations like Microsoft, Google, Apple, and Facebook have all come about because of active venture capitalist support and guidance. This is the reason why venture capitalists are so crucial to the eventual success of capitalism.

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