

Vicious Economic Spiral (VES Theory): A Realistic Diagnosis Of Economic Evils In A Developing Bharat

Author:

Satyam Shukla

Master's in Economics

Master's in Counselling Psychology

Supervisor:

Dr. Madhukar Shyam Shukla

Dr. Ram Shankar Pandey

Abstract:

This article takes a fresh look at the Vicious Economic Spiral (VES) Theory—a way to understand the real roots behind the growing economic and social problems we're seeing in a developing country like Bharat. Instead of the usual idea that crime happens simply because people lack morals or money, it suggests that issues like unemployment, scarce resources, and insatiable desires—coupled with a decline in core human values—are trapping society in a dangerous cycle. From cyber scams to white-collar crimes, that cycle just keeps getting worse. Using real social trends and grounded theory, this article offers a model that's beyond economics; it's about values, empathy, and living mindfully. It also emphasizes how modern institutions—think education and media—sometimes unintentionally add fuel to the fire by promoting competition over kindness and consumerism over contentment. The problem isn't just about not having jobs or money, but about losing our moral guide while chasing social success and status. The rise in cybercrime, economic scams, and youth disillusionment can't be separated from the emotional stress and unrealistic expectations created by today's consumer-driven society. The VES Theory encourages us to think more deeply about how we measure progress—are we just counting achievements and earnings, or are we also focusing on well-being, integrity, and making a positive contribution to social harmony? It's a call to rethink what true success looks like.

Keywords: VES Theory, unemployment, scarcity, digital crime, value erosion, Bharat, socio-economic breakdown.

1. Introduction

In today's world, where we often talk about progress and development, Bharat is quietly battling an internal storm. We see more cyber crimes, increasing corruption, and social unrest—despite being more educated, digitally savvy, and connected globally than ever before. The real issue isn't just corruption; it's a crisis born from unemployment, limited cash flow, overgrown desires, and a fading sense of human values. I call this the Vicious Economic Spiral (VES)—a cycle where stress, social pressure, and economic struggles fuel crimes, mistrust, and social breakdown. While economic reports often emphasize GDP growth and literacy levels, they miss what's happening deep inside our social mind. Are we truly making progress, or are we just trying to survive? Our education teaches skills, but not how to be truly human. Coaching centers focus on rankings, not responsibility. The media encourages us to want more than we need. And amidst all this, ethics are losing ground. Today, education without values can be dangerous. Someone who knows a lot but feels little empathy can be more dangerous than someone who lacks access to learning. The issue isn't just about a lack of resources; it's about the illusion of abundance we are constantly chasing. Society pushes everyone to want more, while many still struggle to get even the basics. This growing gap between wants and reality leads to frustration, comparisons, and sometimes crimes. We're creating a generation that's highly qualified but feels empty inside—driven more by competition than by a desire to

contribute. Our push towards digital technology has made crimes smarter, not fewer. Educated people are now involved in cyber crimes, tax frauds, and digital theft—using tools meant for enablement. Back in 1947, literacy levels were low, yet crimes were rare. Why? Because people had fewer desires and stronger values back then. Today, it seems we've reversed that. We need to ask ourselves: what kind of citizens are we shaping? What values are being promoted in schools, homes, and workplaces? Without answers to these questions, no economic reforms can truly work. The VES Theory encourages us to pause and reflect. It's time to focus on genuine development—not just infrastructure or economy—but also emotional intelligence, social ethics, and human well-being. Only then can we break this cycle.

1.1 Problem Statement

In a time when Bharat has reached a literacy rate of 80.9%, and digital access is spreading rapidly, economic crimes are also rising at a dangerous pace. This creates a confusing picture—shouldn't more education mean less crime? But in reality, we're seeing the opposite. This paper argues that crime today isn't just about hunger or lack of money. It's about mental pressure, peer comparison, emotional frustration, and a society that rewards selfishness over service. The problem is deep-rooted, and VES Theory aims to uncover the real story behind this economic disorder.

1.2 Literature Review

Let's take a look at how thoughts on corruption and ethics have evolved over time. Traditionally, economists like Mauro (1995) linked corruption with poor governance and poverty. Transparency International often emphasizes widespread failure as a root cause. More recently, scholars like Becker & Murphy (2001) and Sharma (2021) have started exploring how factors like competition, pressure, and emotional exhaustion can push individuals toward unethical behavior. Mehta (2019), for example, examined white-collar crime during India's digital growth phase. Meanwhile, Kapoor (2020) pointed out that as urban India's consumer culture grows, so do material desires, which can make people more likely to cut corners unethically. Nussbaum (2011) also warned us about development models that focus only on material progress, forgetting the importance of emotional and moral education. Without these, communities risk becoming advanced technically but emotionally hollow. Bhargava (2022) looked into how mistrust in institutions and the normalization of 'getting ahead at any cost' are slowly eroding public ethics. On the behavioral economics front, theories like Kahneman and Tversky's Prospect Theory (1979) show how people under financial or emotional stress tend to take more risks, sometimes crossing ethical lines. Bandura (1999) added that when social cues or media reinforce certain behaviors, people can morally disengage — rationalizing bad actions without feeling guilty. What's missing from all these insights, though, is a clear link connecting money, mindset, media influence, and morality. That's where VES Theory comes in. It merges economics, psychology, social behavior, and ethics into one framework. Like Amartya Sen's idea of capability deprivation, this theory emphasizes value deprivation — the notion that even with enough money or jobs, society can still break down in dangerous, less obvious ways if core values are lost.

2. Research Methodology

This is a qualitative and exploratory study that uses grounded theory. We analysed reports, behavior patterns, public data (NSSO, NCRB, Cybercrime Index), and social narratives. We compared Bharat's post-independence phase with today to understand what changed—and what got lost. The goal wasn't just to find statistics, but to hear the silent cries beneath them.

3. Theoretical Framework: Vicious Economic Spiral (VES Theory)

3.1. Alright, let's break down the core idea here. The Vicious Economic Spiral (VES) Theory is built around five interconnected realities that together explain the ongoing socio-economic mess we're in: - When folks can't find jobs or even just meet their basic needs, they start feeling overwhelmed, anxious, and kinda hopeless. That stress often pushes them to do things they wouldn't normally consider, sometimes even shady stuff, just to get by. It's like a mental trap that messes with their sense of right and wrong. - Our society's expectations keep climbing, and ads plus social media keep pushing the idea that success and happiness are just a click away. We're constantly fed this illusion of endless abundance.



Diagram 1: Vicious Circle derived from psycho facts

Everywhere you look, there's someone flaunting luxury and quick fame. Even those who are doing okay financially start feeling kind of empty or unsatisfied because they're constantly comparing themselves to those impossible ideals. - The usual go-to sources of values—parents, schools, media—aren't really teaching what's important anymore. Instead of promoting cooperation and integrity, they seem obsessed with winning and measurable achievements. Kids are often told to beat others instead of working together. Schools focus more on test scores than character. Media? It's all about sensational stories rather than meaningful content. The end result is a generation that's super smart but maybe lacking in real integrity. - Now that people are more educated and connected than ever, many start misusing what they know. Instead of using their knowledge ethically, some turn to manipulation, online scams, or white-collar crimes. These aren't mistakes made out of ignorance—they're calculated moves. Technology has given us powerful tools, but without moral guidance, some use them for harm. - When all of this adds up, society begins to spiral down. Crime rates go up, corruption spreads, trust in institutions drops, and people start feeling morally exhausted. Laws are broken more often, public confidence dips, and social institutions lose their strength. People stop believing in fairness and fairness. In this kind of environment, even good-hearted folks start losing hope and just adapt to the chaos instead of trying to fix it.

3.2. 1947 vs 2025: A Side-by-Side Look (More In-Depth)

Back in 1947, India was just stepping out from under colonial rule — lacking in material wealth but rich in spirit. The country had limited access to money, technology, and formal education, with literacy rates around 12%. Yet, there was a strong sense of community, shared values, and resilience that held everything together. Needs were simple—food, family, freedom. Even through tough times, people looked out for each other. Wisdom was handed down through stories, traditions, and shared culture. Crime was rare, not because of police crackdowns, but because people's moral direction was still strong.

Now, jump ahead to 2025, and you'll see a very different picture. Literacy is high, infrastructure is better than ever, and even villages have internet access. But strangely enough, that progress has created a kind of emptiness. There's a growing gap—emotionally and morally—that education hasn't really touched. We've got data, sure, but not much purpose. We know a lot but aren't necessarily wise. Success is judged by how much money you make, not how sincere you are. Kids are caught in a race they didn't choose.

And crime? It's changed too. It's no longer just theft out of need—now it's cyber fraud, financial scams, widespread exploitation. People behind the scams aren't hiding behind masks anymore; they wear suits and operate in offices. They hack, scam, deceive—not out of desperation, but disconnection. The irony is clear: back in 1947, we had nothing, but we were truly human. Today, in 2025, we have everything, but the human touch is slipping away.

3.3. Impact on Society: A Closer Look

The vicious cycle of economics isn't just a theory — it's visible everywhere in how our society and politics work. Its effects run deep and wide:

- **Economic Level:**

More and more people are avoiding taxes, big scams are becoming common, digital transactions are faked, and the black economy is booming — all signs of moral decay. The informal economy isn't just about innovation; it's about avoiding accountability. Trust in financial systems is taking a hit.

- **Political Level:**

When political parties focus on power instead of the public good, democracy takes a hit. It's like politics has become a show — with corruption, paid lobbying, manipulated narratives, and freebies during elections all becoming normal. People start losing faith, and cynicism spreads across the nation.

- **Social Level:**

Issues like mental health struggles, cyberbullying, digital addiction, and emotional exhaustion are rising, even among kids. Families are stressed and breaking apart. Society feels more isolated, judgmental, and competitive. The warmth of togetherness is replaced by cold ambition and constant comparison.

The VES model shows how all these layers are connected — scarcity fuels desire, desire fuels crime, and crime eventually leads to societal collapse. It's a loop we really need to break before it's too late.

4. Visualize the Vicious Economic Spiral (VES)

It's a kind of concentric swirl—imagine circles stacked inside one another, each one causing the next to happen, and then being affected by it in return. It's not a straight line, but more like a loop that keeps going around and around, growing stronger over time. The different layers show us how problems start from the core and spread outward, eventually leading to visible social issues. —

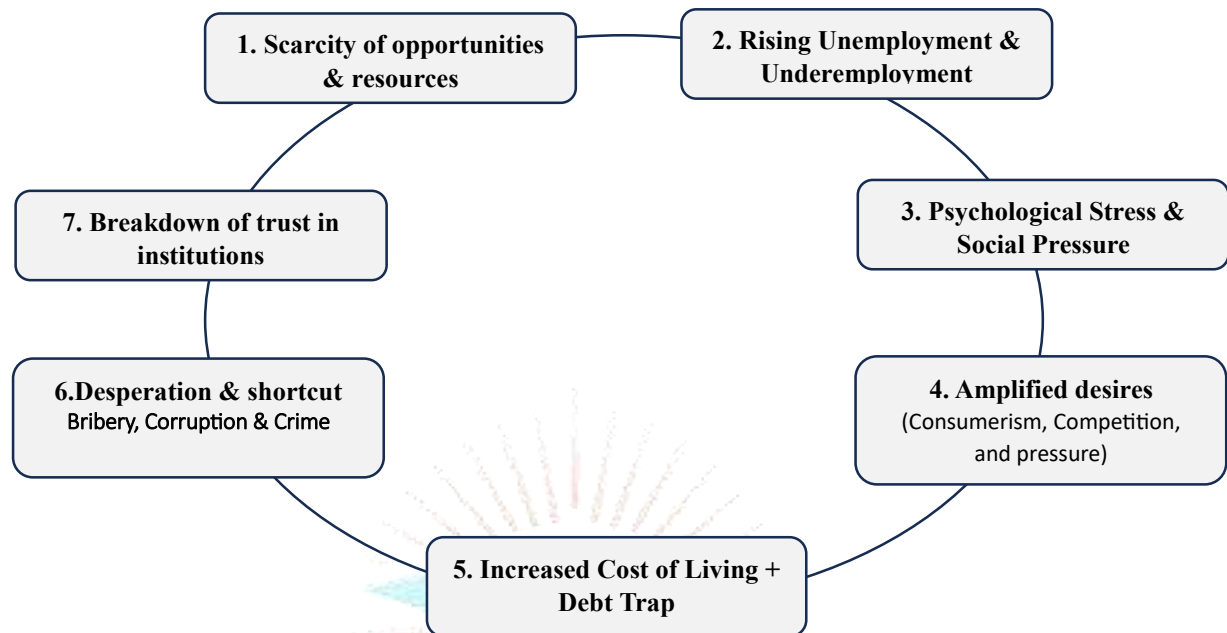


Diagram 2: Vicious Economic Spiral

- ❖ **Center layer: Scarcity and Joblessness:** At the very heart of this spiral is the real root of everything—people not having enough resources or jobs. When folks can't find decent work or stable income, it hits their sense of dignity hard. Stress, self-doubt, and constant worry follow, and families start to struggle. Young people lose their bearings, and trust in the system starts breaking down. Even those with good education often remain unemployed or stuck in jobs that don't match their skills, which just deepens the disappointment and disillusionment with both the economy and government.
- ❖ **Middle layer: The craving for more and social pressure-** Surrounding that core is a layer driven by desires promoted by advertising, social media, and consumer culture. People get trapped in the idea that they need the latest phones, cars, or a fancier lifestyle. Media pushes success as instant and effortless, often ignoring qualities like kindness, patience, or integrity. Parents and coaches add fuel to this fire, making it seem like success is a must—not something meaningful. This constant push influences how people think, distorting their ethics and stirring up resentment.
- ❖ **Outer layer: Visible breakdown—crimes, loss of empathy, and mistrust-** The outermost part of the spiral is what everyone sees—cybercrimes, scams online, corruption, and broken institutions. Educated and tech-savvy people sometimes misuse their skills for personal gain. Society becomes more individualistic and transactional, ignoring community and empathy. Trust in organizations declines, relationships stay superficial, and social bonds weaken—trust, which used to hold everything together, fades away. This spiral isn't just about money or policies; it reflects a deeper crisis of consciousness. It's a reminder of how interconnected issues like scarcity, cultural cravings, and moral failures create a dangerous cycle that keeps spinning faster and faster. The VES Theory isn't just about numbers or politics—it's about real people. It's about what happens when society loses its sense of ethics and forgets to balance ambition with integrity, success with soul.

5. What Can Be Done?

Breaking out of the Vicious Economic Spiral (VES) requires more than tweaking here and there. It demands deep and multidimensional transformation in educational systems, family philosophies, ways of doing media, and structural realities of the economies. Both systems and mindsets are targets for rebuilding. Here are some operable suggestions that combine human development with economic transformation:

Educational & Social Reform:

- a. Schools should teach kindness, not just calculus.

Education must build emotional resilience and inculcate a strong ethical sensibility. Kindness, cooperation, and ethical courage ought to be taught as seriously as algebra and coding. Schools must build responsible citizens, not just competitive ones.

- b. Parents must stop putting their kids through comparisons like products.

Every child is unique. Comparison by parents leads to anxiety, insecurity, and misplaced ambition. Homes should nurture their emotional development instead of molding them into performance factories.

- c. Coaching centers must emphasize mental well-being.

These centers should shift from academic rigor to one that is holistic. Emotional counselling, stress management, and ethical training should be rendered compulsory. They should prepare students for living, rather than exams.

- d. Media must stop the path of sensationalism and embark on that of humanity.

The media has a huge role in creating aspirations. It must bring in a balance between news with stories of ethical entrepreneurship, social impact, and value-based innovation. Sensationalism cannot be the cost we pay for viewership.

Economic & Structural Reform:

- a. The economy should reward those who collaborate, not those who compete.

Current economic models glorify maxing out profit and competing so much that it's time to begin creating ecosystems that foster collaboration: social enterprises, ethical startups, and community-based ventures. Fiscal policies should reward inclusive and sustainable enterprises.

- b. Formalize and give value to informal economies

Millions in Bharat work in informal labour and small enterprises, yet remain invisible to policy-making. Recognition and support of this workforce through access to credit, digital literacy, and microfinance reforms can ease their financial strains and prevent exploitation of their labour.

- c. Institute value-based taxation incentives

Rewarding compliance through benefits such as tax breaks, public rankings, and preferential treatment with government contracts will encourage ethical practice. Any exploitative practices will be dealt with severe punishment and social audits.

- d. Universal Basic Security (UBS) instead of UBI

Provide assurance of food, education, and health to the vulnerable, rather than just cash transfer (UBI). It prevents crime arising out of desperation and creates room to live a value-based life.

- e. Bridge the urban-rural value gap through decentralized economies

Promote local production, circular economies, and cultural entrepreneurship in rural Bharat. It reduces the strain of migration and revitalizes our native skills and sustainable ways of life.

This is not just about crime reduction. Rather, it is about an alternative view on development. It is about changing the focus from GDP to GHP—Gross Human Potential. In doing so, Bharat can lead not only in the economy but also in moving the world on an ethical compass.

6. Conclusion

First Vicious Economic Spiral Theory is a social mirror- not an academic one. Whereas crime, corruption, and emotional derailment may happen in parts, they are all symptoms of a greater disorder-a crisis of values, distorted desires, neglect of empathy in the race towards material success in a country like Bharat, wherein internalization occurs at the national level.

Our times have grown such that education is without ethics, technology is without temperance, and ambition is without awareness. The result is a seemingly modern society that is rotting inward, and rising literacy has not resulted in clear morals. Digital empowerment has not guaranteed that they are digitally responsible, as well, economic growth does not ensure the viability of human development.

The insight, at the heart of the VES Theory, states this: Poverty doesn't cause the problems, and unemployment is a symptom; there is an economic-ethical aberration, and intelligence should be matched with integrity. A new kind of development model is needed-emotionally intelligent, civically responsible and mindful consuming.

To break out of this, people must go beyond GDP, dazzling high-flying degrees, and policy jargon-glossed arguments. Thus go to the basics-raising children with values, designing education for life, committing media to accountability, building the economy for the people and not the other way around.

This is Bharat's crossroads. We can change this spiral decay and cyclic conscious development if we can synergize wisdom and wealth, and sincerity and success.

“This paper is not the ultimate statement-it is a plea for a fresh talk.”

Author Note:

This paper reflects an ongoing inquiry led by Satyam Shukla into how the economy, psychology, and values intersect in modern Bharat. More applied models and solutions will follow in upcoming research.

References: APA style

Books and journal articles:

- Bandura, A. (1999). Moral disengagement in the perpetration of inhumanities. *Personality and Social Psychology Review*, 3(3), 193–209.
- Becker, G. S., & Murphy, K. M. (2001). *Social economics: Market behavior in a social environment*. Harvard University Press.
- Bhargava, R. (2022). The erosion of ethics in India's public institutions. *Indian Journal of Political Ethics*, 18(2), 112-129.
- Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decisions under risk. *Econometrica*, 47(2), 263-291.
- Kapoor, M. (2020). Urban consumerism and the ethics vacuum in Post-liberal India. *Journal of Contemporary Social Studies*, 14(1), 88-103.
- Mauro, P. (1995). Corruption and growth. *The Quarterly Journal of Economics*, 110(3), 681-712.
- Mehta, P. (2019). Digital India and the rise of white-collar crime. *Journal of Socio-Economic Studies*, 11(4), 59-75.

- Nussbaum, M. C. (2011). Creating capabilities: The human development approach. Harvard University Press.
- Sen, A. (1999). Development as freedom. Oxford University Press.
- Sharma, R. (2021). The moral vacuum in modern economies. Economic & Political Weekly, 56(35), 42-48.

Government & Reports:

- Cybercrime Index. (2025). International threat rankings. International Cybercrime Monitoring Board.
- NCRB. (2024). Crime in India report. National Crime Records Bureau, Ministry of Home Affairs, Government of India.
- NSSO. (2024). Annual employment-unemployment survey. National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.
- Mehta, P. (2019). Digital India and the Rise of White-Collar Crime. Journal of Socio-Economic Studies.

