

## The Self-Help System: Need for a New Global Architecture

It's trying times for the world economy with recession demon refusing to be tamed, notwithstanding a slew of staccato efforts made by different involved players. The domino-like fall of many countries of Europe and Americas including Ireland, Spain, Italy, Portugal and Greece has been a cause of real concern given the insidious implications of the same for the world finance system. The laissez-faire economic model's avowed promise to promote and sustain a 'level playing field' by rolling back the dirigistic state has all but failed. Brexit is only one of the many expressions of the reigning economic woes in the First World.

At the end of the day, the extant model has only promoted the Darwinian natural selection by unleashing the 'Survival of the Fittest' model as once propounded by Herbert Spencer. Hence, the SOS calls for incremental but inclusive growth for all within the framework of a welfare economy. But all these calls seem to have fallen on deaf ears. What is surprising is the way all the nations have been trying to handle the situation in the fashion of a 'zero-sum' or 'negative sum' game. Such a skewed approach only encourages alienation and animosity by promoting vested interests of a few at the top of the international pecking order at the expense of all down below.

We need to appreciate that with the globalisation juggernaut stalking the world stage since the end of the Cold War, we already live in a world of 'complex interdependence'. Hence, the innate penchant of the nation-states to keep hitting each other like billiard balls in an anarchical global system needs to be restrained. The exclusivist pursuance of protectionist policies by some countries à la the United States of America or United Kingdom by regulating the quantity and quality of immigrants into their country, by creating non-tariff barriers or by restraining their industries from outsourcing their multifarious operations across the globe shall nothing but hasten the process of collective downfall.

The sooner we appreciate the reality of globalisation and the attendant complex interdependence, the better it shall be for the emergent multi-polar global economic system.

The nations also need to appreciate the international division of labour and coordinate their policies and actions accordingly. But the same just does not seem to be happening. While each nation should be coordinating their policies and action with the other country, the reality is diametrically opposite though a charade of multilateral engagements does go on all the while.

But the 'self-help' international system forces nations to act in sublime isolation from each other. While each nation believes that it is acting rationally in the betterment of its holistic national interest, the fact remains that each of them is actually acting irrationally. This happens simply because none of them attempts a rational comprehension of the hermeneutics of their disparate acts within the straitjacket of the extant global financial system. One does feel that the global leadership, suitably advised by the epistemic community on international economics, should be playing a more proactive role than they have so far.

So, any nation having any misconception about being successful in resolving their problems on its own and continue to be an island of prosperity untouched by the winds of change elsewhere should immediately disabuse such notions. In a globalised world of complex interdependence, all the problems have become global in nature whose individualised solutions would never work.

It's a multi-polar world and the solutions shall have to be found in a multilateral forum. Any unilateral solution shall always backfire as could be visible from the failed attempts to fight recession. The present recession has returned despite the seeming success in warding it off during the 'subprime lending-induced' crisis in the United States few years back. The dilettantism and adhocism with which the recession was dealt then without resolving the thorny issues relating to macro-economic financial architecture, the problem was bound to resurface. The temporary reprieve administered through artificial prime-pumping of the struggling economies has almost come to a naught. It appeared that the states were just trying to brush the issues inside the carpet and were just not ready to tackle the same in real earnest.

First of all, the countries of the North need to understand that they cannot continue to be islands of prosperity, at the expense of those less-privileged lot toward South of the hemisphere. It is this policy of seeing one's national interests through customised rose-tinted glasses that has brought situation to this sorry pass including giving rise to a sense of disaffection and distrust in a section of the global population. Hence, the rise of fissiparous and revisionist forces like Taliban and ISIS.

The Gini-Coefficient of income equality as represented by the Lorenz Curve has been worsening for the poor what with over 80 per cent of the global asset owned by around 18 percent of the people of this Blue Planet whose own survival is endangered owing to the reckless consumerism in the North. The Climate Change threat is already looming humongously large on the horizon and the 'Rip van Winkles' of the world need to wake up from their prolonged slumber before it is too late.

Reading such signs very well in advance, Samuel Huntington had aptly propounded his celebrated, 'Clash of Civilization' thesis. What surprises one more is the cognitive and functional sclerosis of the global leaders to synergise their thought and action despite their

being in the know of the nature of their problems and the relevant solutions. The blinkered vision informed by a parochial understanding of national interest has so far prevented them from doing what ought to be done.

Asia, led by the Chinese and Indian behemoths, which because of their huge domestic markets so far looked immune to the march of global recession, has slowly been catching the 'recessive flu'. The Bretton Woods financial institutions need to be more proactive than they have been so far in facilitating a global solution to the reigning global crisis through better coordination of policies and action between the countries of the North and the South.

Also, the West also needs to appreciate the fact that they cannot continue steamrolling the South for long and they also cannot sustain their prodigal lifestyle for long, something they successfully did for a long time on the strength of an exploitative capital accumulation during the heydays of colonial and neo-colonial international political system. They can continue doing so only at the collective peril of all.

In the globalised world of today, we need to do everything possible to break the dichotomy of developed and developing countries. And this we can do only through better coordination of policies and actions among the members of the Comity of Nations. We should think more in terms of early realisation of the millennium development goals of the United Nations rather than sparring over a few pieces of silver and a few portions of land, what with the very weakening of the classical concept of sovereignty. Globalisation shall never reach its logical culmination unless and until the North unshackles its vision in pursuing a crooked policy of free movement of capital but restricting the free movement of labour.

Instead of splurging our energies and resources on armaments by engaging in competitive rat race of one-upmanship, we should engage in developing our human resources to ensure a better quality of life for them, something countries like India has always espoused. Let's grow together in a spirit of cooperative living or else we shall perish together before long.

## Salient Points

- Brexit is only one of the many expressions of the reigning economic woes in the First World.
- What is surprising is the way all the nations have been trying to handle the situation in the fashion of a 'zero-sum' or 'negative sum' game.
- Protectionist policies by the USA, etc. shall do nothing but hasten the process of collective downfall.
- The sooner we appreciate the reality of globalisation and the attendant complex interdependence, the better it shall be for the emergent multi-polar global economic system.
- In a globalised world of complex interdependence, all the problems have become global in nature whose individualised solutions would never work.
- North Countries cannot continue to be islands of prosperity, at the expense of those less-privileged lot toward South of the hemisphere.
- 80 per cent of the global asset owned by around 18 percent of the people.
- Asia, led by China and India, has slowly been catching the 'recessive flu'.
- Instead of wasting our resources on armaments, we should engage in developing our human resources to ensure a better quality of life.

## **Glossary**

**Staccato:** characterised by abruptly disconnected elements

**Juggernaut:** anything requiring blind devotion

**Charade:** a blatant deception

**Hermeneutics:** the science of interpretation

**Epistemic:** relating to knowledge or the conditions for acquiring it

**Dilettante:** a lover of an art or science

**Sclerosis:** a hardening of a tissue or cell wall by thickening