



Economic Issues are just
as much **Moral Issues** as
Social Issues are

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It is pretty obvious that the Sri Lankan economy is in a deep crisis. Unbearable debt pile, excruciating foreign exchange crisis, and the resultant shortages of essential food, oil, LP gas, and the list can go on extending over a large space. Exceedingly high inflation, slow economic growth, high unemployment, elevated budget deficits, and a negative balance of payment (BOP) are the direct effects of some of these crises, leaving a lot of disruption to the day-to-day lives of the general public.

Of all these disruptions, the worst is the continuously rising oil and food prices that scramble the supply chains, leading to high inflation. Practically, inflation is driven by entrenched expectations of inflation, where businesses raise prices because they believe other businesses will do the same. However, this factor can emerge if inflation stays high; so prudence demands that we try to rein in prices now. Hopefully, the disruptions will fade over time with good strategies and policies, just as with any other thing in life. This is the time we need to be selfless and restrain consumption, at least until the economy bounces back.



*“You cannot have
a new economy
without a new
society”*

- Alvin Toffler

Challenging and Counterchallenging – The Usual Ding-Dong Battle

It is widely heard in every nook and corner of the country that each of us is pointing the finger at the ruling party, and in turn, they criticise the previous governments for the downturn of the economy. The repercussions truly are results created by the visionless actions of the policy decision-makers of both the present and the past. Most people opine that the beginning of the crisis was extensive trade liberalisa-

tion that began in 1977. As Sri Lankan citizens, all of us have social responsibilities, and hope for recovery and to rebuild the economy. We are a nation endowed with an extensive span of resources, be they natural, human, or physical. It is time we use these resources optimally to sustain the best.

Genuine Price-hikes Vs. Cooked-up Price-hikes

However, what we are experiencing at the moment has resulted in each of us exploiting the other at the slightest opportunity within the ongoing crisis. Genuine price hikes of goods and services due to the depreciation of the rupee can be understood, though the hike is intolerable as there are certain products that have no bearing on the USD/depreciation of the Rupee and oil-price escalations. Yet they tend to skyrocket unjustifiably. In such situations, the wealthy resort to the usual practice of stockpiling, and thereby creating a demand above and beyond their normal consumption to obtain the benefits of future price hikes. This is a situation where demand is pulling inflation further up. In hindsight, most disruptions are the results of our own faults.

Disparity between Exports and Imports

You might wonder whether not having oil might be a drag on the economy. Well, it's time to thrive on the haves and eliminate the have-nots. Be it today or tomorrow, we will all eventually have to face bigger disasters as a consequence of our spending on imports with fewer exports.

The simple logic of more expenditure than earnings will at some point erupt, similar to the activation of a once dormant volcano. Even though we knew about the consequences, we were too ignorant to take any measures to rectify these problems. There were many discussions about promoting solar power, which never materialised due to the selfish and dubious intentions of those who are in power or those who are engaged in the power business.

Why do We Need a New Economic Approach?

It is evident that the economic and development theories and models so far have not been able to produce any satisfactory solutions to the burning issues of people, though some countries have done better than others. Many have experienced the political consequences that have followed a decade of economic underperformance and accompanying global pressure. Popular discontent with politicians in the political system has risen in many countries. Trust in government institutions and advisers on macroeconomic policy issues has declined enormously. High levels of social cohesion that once existed seem to be more fragmented, leading to social, cultural, as well as economic divisions. More people have started to show a feeling of economic and political disempowerment; a sense that society has become less fair with an in-

creasing gap between the rich and the poor. People have started questioning the competency / efficacy of the current economic policies that are being applied to solve the problems.

The "neoclassical economic theory" prioritising liberalised markets has shown its limitations through market failures. People have come to acknowledge the need for greater government intervention. The paradigm shift leads to a concept of economic progress with a deeper understanding of the relationship between growth, human well-being, reduction or elimination of inequalities, and environmental sustainability. A new set of tools and techniques are needed to help policymakers introduce institutional reforms to achieve a new set of social and economic goals.

The Time to Explore New Economic Development Models Successfully Applied Elsewhere

It's time to explore the new models that have been successful elsewhere in achieving sustainable economic development. Sustainability refers to economic, environmental, institutional, and social aspects of it. The concept of sustainable economic growth is only one of the aspects of the process of economic development. Countries that have concentrated on pure economic growth have experienced imbalances, making the growth unsustainable. A pure market economy does not make it possible to reach goals of sustainability, especially when it increases income disparity. The advantage factors may lie in geographic positions, in owning technology, professional skills, in handling exchange mechanisms at local and global levels, and in the level of cultural development.

This is where the concept of "social economy," which focuses on the relationship between social behaviour and economics through solidarity and cooperation among associations, co-operatives, foundations, NGOs, trade unions, private companies, social enterprises, and state-run services, may be useful. It is founded on the principles of solidarity and collective involvement in a process of active citizenship. It is a socially responsible factor of economic democracy, which plays an important role in regional and local development and social cohesion. It contributes to the stability and pluralism of markets, generating high-quality jobs, and a better quality of life, by offering a framework suited to new forms of enterprise, work and responsible consumption. Organisations within a social economy put social and environmental concerns at the top of their priorities instead of profit maximisation. Working responsibly is mandatory to run our businesses democratically and sustainably with a constant concern for fairness, equality, and solidarity, building long-term solutions for future generations and protecting the environment.

The Vision of the New Model

The new system becomes a fundamental component of organised civil society. Part of its responsibilities would be to assist public authorities in the implementation and evaluation of policies that affect citizens. The system will also promote a more plural society with greater participation and a better understanding of democracy. The vision of the new model is to serve the common good by increasing individual and community welfare while protecting general interests. Organisations within social economies implement only sustainable practices that are respectful of the primacy of human needs and nat-



ural ecosystems in the environment, empowering diverse stakeholders in their decision-making processes and respecting true democratic values. This will expand the potential for collective social innovation by collaborating with all potential stakeholders, such as entrepreneurs, researchers, policymakers, and citizens in the area.

The Concept of Social Economy

A "social economy" would consist of a diverse set of organisations, all of which would share some common features that prepare them to take on their own challenges more efficiently than the neoclassical model. These organisations, rooted in their local communities, will be catering more to the needs of their employees and other constituents, and are less likely to move out in search of cheaper labour or liberalised environmental policies. They will also make a genuine effort to identify the emerging needs of the

local communities, and be willing to assume the role of a non-profit organisation, at times, to address those needs if necessary.

India's Cooperative Movement, a Model to Reckon/Emulate

The "Cooperative Movement" in India has made remarkable progress, making it the largest such movement in the world. It plays a pivotal role in the Indian economy, especially in the field of agriculture, facilitating rural credit, distribution of raw materials and fertiliser, storage and marketing strategies, and even affordable housing options for farmers. The movement has shown that it is more effective in meeting its people-centered objectives than private and state sector organisations. This is a perfect example to show the meaning of the phrase "glocalisation", that is to "Think globally, Act locally." Though the phrase usually refers to sustainable develop-

ment practices, especially regarding environmental issues, it can very well be applied to agriculture, trade, consumption, volunteering, politics, art, and culture, all the way to individual roles as parents and teachers too.

Editorial Note:

What is Glocalisation?

Glocalisation is an amalgamation of the two words "Global" and "Localization". It is a term used to describe a product or service whose development and distribution is done globally, but after it reaches different local markets it is tailored to accommodate the user of that particular local market. It is basically the adaptation of globally standard products done in the local markets according to the laws, consumer preference, customs etc.

The term Glocalisation comes from Japanese business practices where it is called "Dochakuka" meaning global localisation. The term dochukuka was originally used for referring to the adaptation of global techniques of farming in the local conditions. From there it was taken as a marketing strategy adopted by Japanese businessmen in the 1980s.

McDonalds serves as a perfect example to understand glocalisation. Over the years, McDonalds has made its presence in 119 countries around the world. The product it produces around the world follows the same process and the distribution system is almost similar throughout the world but when it comes to the menu, it changes from country to country.