

'Perfect storm', is now a phrase often used to describe the economic strife faced by multifarious emerging economies. To what extent do you consider this storm as an 'act of god' or alternatively is this something that has been engineered by globalist billionaires who stand to benefit from the upheaval?

Billions of people, including many in the Global North, have been facing economic strife since the post-2008 austerity programs. The cuts were imposed by politicians worldwide who were captured by private, often corporate, power. Food banks, homelessness and

child poverty are rife even in cities such as London and Los Angeles at a time when wealth of an elite minority is increasing by unprecedented levels. The existing unjust global economic order, where profit is placed ahead of the wellbeing of people and planet, has much to blame.

The global economy was already very fragile before the pandemic, rising inflation and sanctions on Russia. Unexpected external events always happen. But there was insufficient durability built into a system that focused more on short term profit seeking rather than long term stability for everyone. The crises are

exacerbated by continued dominance of unchecked market based economic policies, deregulation, poor governance and non-existent enforcement to curb any excesses.

A report published by Oxfam in 2020, states the world's 2,153 billionaires have more wealth than the 4.6 billion people who make up 60 per cent of the planet's population. What these globalist billionaires have done is to use their economic might in a fight to preserve the status quo and undermine essential structural reforms necessary for a fairer outcome for all.

The notion of 'parasitic elites', a term used by development economists over the years, is still relevant today. To what extent are the elites of emerging market economies responsible for the economic crisis?

It is the global economic structure that enables local elites to undermine democracy, equality and economic rights, and debt justice. The global elite possess not only high incomes, but income primarily derived from rents, through disproportionate ownership of assets and capital. The elites demonstrate the capacity not only to capitalise on these new accumulation channels, but

GLOBAL ECONOMIC (DIS)ORDER AND ITS IMPERFECTIONS

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to shape the institutional and regulatory landscapes in which they operate.

The legacy of the Bretton Woods economic system of monetary management that established the global rules for commercial and financial relations, and subsequent globalisation has meant that elites with worldwide reach cultivate, exploit and support local elites to maintain the status quo to safeguard their privileges and expand their power.

The phrase 'economic crisis' is an ambiguous term because it is articulated from the point of view of the elite. But for plantation workers, domestic workers, daily wage labourers and so on the economic crisis has been a dominant feature throughout their lives.

It is not necessarily the elites of emerging market economies responsible for the economic crisis, but the architecture of the entire Bretton Woods system itself.

The International Monetary Fund (IMF) calls itself a democratic institution, but in fact power is allocated according to the contribution they make to the IMF. Would it be fair to say that the IMF is an extension of the US foreign policy?

The global economic order and the multilateral system overseeing it is not democratic, inclusive, transparent, accountable, or responsive to people, especially the poorest and most vulnerable.

An extensive academic literature, challenges the robustness of the theoretical and evidence bases for World Bank (WB) and IMF principles and policies. Together they suggest that WB and IMF policies have failed to achieve their stated objectives and instead support an economic order that benefits elites and private sector interests at the expense of poor and marginalised communities.

Some of the most common criticisms of the World Bank and IMF are its records on,

- Democratic governance (Structural under-representation of the Global South, undermining democratic ownership, biased and inconsistent decision-making, weak ability to learn from past mistakes, effective impunity for harms caused.)
- Human rights (Restricting the macroeconomic environment for human rights, causing major harms through development projects, lacking evidence for positive impacts while not measuring harmful impacts.)
- Environment (Growth-based model unsustainable, continued fossil fuel investments, focus on mega-projects, forests)

While the establishment of the WB and IMF in 1944 was presented as an apolitical effort to rebuild the world economy in the aftermath of World War II (WWII), many countries in the global south view them as an effort to defend or expand the reach of western capitalism in the face of a potential challenge from the Soviet Union, and to promote United States interests in particular.

A look at the countries facing a crisis or already in a crisis shows that for the most part these countries score very low in the corruption index. Is an economic crisis the logical outcome of corrupt governments in emerging economies?

Rampant corruption will always lead to an economic crisis. No political ideology (capitalism or socialism) can operate effectively in such an environment.

The Corruption Perception Index (CPI) published by Transparency International is based on the views of business people on how corrupt their public sector is. It measures bribery, diversion of public funds, aspects of corruption in the public sector, to the effective prosecution of corruption cases and to adequate legal frameworks, access to information, legal protection for

whistleblowers, journalists and investigators.

However, the CPI does not measure tax fraud, money laundering, financial secrecy or illicit flows of money. There is no index that directly measures real levels of corruption in all its manifestations. The focus on just the public sector corruption in emerging markets is an ideological choice. High level of private sector corruption in the Global North also contributes to the economic crisis - bribes by multinational corporations, offshore banking, mis-invoicing, global assets held on behalf of politically connected persons from poor countries etc. Broad based financial fraud of the private sector goes largely unpunished as seen during the 2008 global financial crisis. An economic crisis is the logical outcome of corruption present in public and private sectors in both emerging economies and developed countries.

With the unfolding global economic turbulence spreading, what political ramifications and changes to global power structures can we expect in the coming years?

It is a volatile time for global and local politics and economies. The implosion of capitalism due to its inability to safeguard the wellbeing of the people (low wages, long hours, precarious work, extortionate living costs) or planet (pollution, extinction, climate change) is a mortal threat to the legitimacy of democracy and life itself.

An ongoing clash between the old power blocks and emerging powers could cause economic turbulence. There will be a growing tension between a corporate world pushing for dominance of private capital, continued globalisation, consumption, hyper-customisation and interconnectedness with a demand for climate justice, democratisation of global institutions, de-dollarisation of the global economy, debt cancellation and fairer distribution of finite resources.

A fall of globalisation may result from the consequence of countries learning from recent crises caused by the lack of self sufficiency of food and energy, and disruptions caused by distant supply chains. This could see a rise in migration and a digital cold war.

The 21st century will belong to Asia. The transition will be enabled by extended cooperation between BRICS countries (Brazil, Russia, India, China and South Africa) and the wider Global South. In the meantime, the existing financial and military muscle of established power blocks such as the United States of America and Europe, will be leveraged to divide-and-rule nations in order to protect their dominance for as long as possible.

How should Sri Lanka protect itself from excesses of the unjust global economic order and navigate through the unfolding global economic turbulence?

Sri Lanka first requires extensive reforms to its political culture, while protecting democracy and human rights. It must work towards meritocracy, pragmatism and honesty to improve economic, social and environmental outcomes of its people. Law and order should apply to every citizen equally. Political interference in public institutions should cease. An urgent solution is required to unite communities with a fair resolution to the ethnic problem. Rampant corruption has to be eliminated starting by holding those to account for past scandals. The country should take a non-aligned position in geopolitical battles, develop a clear industrial strategy and be one where it is easy to do business.

The country therefore needs a government with a clear mandate from its people. Only then would Sri Lanka be able to fully engage with the world but protect itself against major excesses of the unjust global economic order and become a country that provides care, order, security and certainty to its people.