

# Moral Issues in Current Globalised World

**Dr. Rajesh Kumar Yadav**

Ramabai Government Degree College, Akbarpur, Ambedkarnagar

**Abstract:** *The economy of India is the sixth-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a newly industrialised country, one of the G-20 major economies, a member of BRICS and a developing economy with an average growth rate of approximately 7% over the last two decades. India's economy became the world's fastest growing major economy in the last quarter of 2014. The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The Indian economy has the potential to become the world's 3rd-largest economy by the next decade, and one of the two largest economies by mid-century. And the outlook for short-term growth is also good as according to the IMF, the Indian economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and expected to grow 8.0%+ in 2016-17.*

**Keywords:** industrialized economy, saving, investment, morality

## I. INTRODUCTION

Economics in ancient India, contrary to popular conceptions, was given much importance in the thought and life of the people. The science of economics, called Vritta, formed an important part of the royal curriculum; it was considered as essential for the material well-being of the people, as the Vedas for their spiritual well-being. Ancient Indian thinkers also recognised that the real source of economic prosperity of a nation is not its material resources but the entrepreneurial class, Vaishya. Mahabharata counsels the wise king to encourage the Vyasa because they are the source of production and trade. The other feature of the ancient Indian economic system is that primary emphasis is not on consumption, acquisition and possession but on spending, sharing and giving. The ancient Indian thinkers are well-aware of the fundamental law of wealth-generation that wealth is gained not by hoarding but by spending. According to Mahabharata to increase wealth it has to be spent like scattering seeds. Constant emphasis by the Smritis on dana or "giving" as one of the duties or Dharma of the higher classes created a philanthropic spirit among wealthy and powerful sections of the society which tended to redistribute wealth in social and public welfare projects.

But in the Indian vision of society, the highest motive and aim of social progress is not economic development or wealth-maximisation. The socio-economic ideal in ancient India is a progressive socio-moral wellbeing of the community through an increasingly conscious manifestation of the moral Law, Dharma, in society. Economic or material prosperity called Artha and vital enjoyment, Kama, are recognized by the Indian mind as two of the aims of life. But they are not considered as the highest or the only goal of life. They are only preparatory stages for the mental, moral and aesthetic development of the individual and the community in the realm of Dharma. And for the individual, even Dharma is not the end but only a stage in his progressive evolution towards his ultimate spiritual consummation, Moksha. As Bhishma says in the Mahabharata: "Dharma, Artha and Kama are not ends in themselves, but are just means to an end, and that end is Moksha."

One of the major defects of the modern development models patterned on the Western values is that their vision does not extend beyond the Artha-Kama dimensions of the society. Continuous enlargement and fulfilment of the Artha-Kama needs, motives and aims of human beings is considered as the only way to progress. So, economy and polity, especially the first one, have occupied an inordinately large portion of human society, overshadowing and suppressing other equally important organs of the society like culture. But the architects of Indian culture had a more "holistic" vision of development. They aimed at a balanced and gradual development of all the four basic organs of the society,



which are in the Indian thought: Economy, Polity, Culture and Labour-force. However the main emphasis is on Culture and Dharma. This is not peculiar to ancient Indian culture alone, it is a common feature of all the great and major ancient civilisations. The only difference is that, while other ancient civilisations stressed on the intellectual, aesthetic and ethical dimensions of culture, Indian civilisation emphasized on the spiritual and subordinated all other aspects of life to the dominant spiritual motive.

The Indian vision of development is in agreement with the modern development models that the first business of the governing organ of a collectivity is to create a sound, efficient and healthy economic, social and political organisation for the fulfilment of the Artha-Kama needs of the people. Hence economy, society and polity and the science of economics and politics, Vvitta and Dandaniti, occupied an important place in the educational, social and cultural life of ancient India. But ancient Indian thinkers recognised that to stop short and wallow contentedly or to indulge excessively in this stage would lead to a relapse into barbarism. Once the Artha-Kama needs of people are reasonably fulfilled, the governing organ of the society must turn its attention to the development of the higher dimension of the collectivity, to the sociocultural, moral and spiritual evolution of the community, to the awakening and fulfilment of the Dharmic motives in the people which will elevate the collective consciousness of the community to a higher level of corporate life. In fact from the beginning all the four major organs of the society have to be simultaneously developed, though a predominant stress or priority attention to a particular organ of the society may be necessary at each stage of the collective evolution or for strengthening an organ which is underdeveloped.

In Modern Era, Economic theory addresses only those human interactions that involve an exchange of money or commodities; as such, it ignores the larger part of human existence. Economics does not address love, family, culture, health, spirituality, the environment or many other things that make life rich and meaningful. The question then becomes how to integrate non-exchange activities into economic theory. One way to approach this question is to address the issue of how economic theory is placed into action. Exchange activities today are regulated and controlled by government; Adam Smith may have postulated a "laissez faire, laissez passer" world of no government intervention in the market, but that world does not exist today in any meaningful way.

Governments establish the policies and practices by which economic activity is conducted. Mostly, the governments are national governments, but they are increasingly international as national governments cede sovereignty to multi national institutions. Governments create the laws that create and protect private property, public order, rules of exchange, the money supply and so forth. But, many of the important aspects of life are created personally within a family or neighborhood unit or collectively in civil, non-governmental organizations. Economic principles begin from the structure created by government and civil society; the principles describe how goods are created and acquired under whatever system is being examined. Therefore, the principles will apply under different sets of rules and different structures. So, it is possible for the government and civil society to create or change those rules to accommodate a wide variety of cultural and social values. It is also possible for the government to include a moral component to the economic rules of the society. As an example, consider the value of family. Economic principles, with no moral component established by governmental authorities, may interfere with family cohesion or stability. In the United States, many mothers and fathers think they must work full time to create a decent life for their children. Working time takes away from family time and is detrimental to society to the extent that family ties are weakened.

A moral economic policy would create a climate for wages and benefits that would strengthen family life by raising wages, providing benefits for stay-at-home parents and encouraging family life. But, this value may interfere with the economic principle of efficiency of production which states that a society is efficient only when the marginal utility, or satisfaction from the next unit of a good obtained, of all consumers is maximized and any consumer cannot increase his or her utility by acquiring a different set of goods. The amoral economic policy used today includes only goods that are exchanged for money - a moral economic policy will include values that are not part of the exchange system. The moral economic policy encourages higher wages so those workers can have a more satisfying family life. This will result in higher consumer prices. The choice is clear: it is more moral to pay slightly higher prices so that workers can have a good life and it is less moral to pay lower prices which force workers into marginal lives.



### GOVERNMENT'S ROLE

Since a moral economic system includes the utility from values that cannot be exchanged in a marketplace, it becomes the government's responsibility to create an economic system that allows for the creation and protection of values that cannot be traded. It does this by passing laws and regulations that enable people to choose some of their utility from non-exchangeable goods. For example, a high minimum wage would permit more people to stay at home with children for more time. This system would balance the utility of market goods, namely low prices for consumer goods, with the utility of non-market choices, in this case time with the .

Making this choice will require a government to create protections for companies that hire the workers since without protection from low wage countries in other countries, the companies that employ workers will be forced out of business. This policy would balance the desire for low cost goods with the equally valid desire for utility from non-market goods.

Economic theory and practice have an ambivalent relationship with most virtues. On the one hand, free market economics postulates that the common good will be furthered when buyers and sellers each act in their own self-interest, while on the other hand, free market economics does not address directly the issue of poverty or income disparity. Conversely, socialist economics forces choices about these issues on the entire population while producing at less than efficient levels.

### GLOBALIZATION - FORCE FOR GOOD?

Economic theory suggests that all people will be better off when market forces can create an efficient economy where the greatest number of people consumes the greatest quantity of goods. This part of economics leads some well-intentioned people to suggest that any national restrictions on the free flow of goods and services among countries will reduce the quality of life for all. That logic then suggests that it is a good thing to encourage national governments to reduce the barriers to foreign goods and services. The reasoning continues that the more efficiently produced goods from other countries will force local businesses to raise their standards to international standards or face bankruptcy, thus making the entire domestic economy more efficient.

### LOGICAL PROBLEMS OF GLOBALIZATION

There are a number of problems with this logic in addition to the obvious problem that material well being does not eliminate poverty. First, in today's world this logic has been implemented solely by international institutions; these institutions force changes in national governmental policies which benefit primarily the private, financial interests of businesses in foreign countries. Thus, national governments are required to unbalance their mix of competing interests in favor of private foreign interests. Faith based communities reject the concept that focusing on material goods solely can relieve poverty.

Second, any national government represents all the interests in society and must balance those interests in order to achieve some form of harmony and poverty reduction; favoring any single interest at the expense of any other interest is a violation of the trust the population grants to the leaders. This is compounded by the common practice of foreign corporations to use the governing party in power to gain a financial advantage; foreign corporations apparently do not use their power to accelerate social change or encourage less corrupt governments.

Third, the existence of such institutions creates a moral hazard problem - national leaders are reluctant to deny social spending to their populations because there exist international institutions which will bail them out of their budgetary crises; this shifts the blame to the institution and away from the national government.

Last, pressures to globalize can be imagined which have the possibility of really helping people. One can envision an international advisory body that assists in eliminating corruption, managing the influence of outside pressures and balancing the competing interests of society. Unfortunately, such an institution is merely a dream at this time.

**BALANCE: A MORAL DUTY**

The moral duty of any responsible leader is to balance all the internal interests with each other and to balance external interests with internal interests. This is a very difficult task and one that is vilified in the intellectual community today. But, it is a necessary task in order to create and protect the various forms of wealth that are recognized by the faith communities. It requires a clear-headed view of the limitations and benefits of economic theory.

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