

Economic Man and the Sanctity of State Institutions

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The Social Contract; where individuals cede part of their natural rights to a state who will provide space and opportunity to for individuals to survive, thrive and prosper, is the essence and the very foundation upon which modern democracies and commerce is built on. While Locke, Hobbes and Rousseau each differed on the details of the social contract, the responsibilities and rights of Man emanating from the Social Contract define the very fabric of modern democratic society and the written constitutions that govern relationship vis-a'-vis the institutions of the state and its citizens- the people.

Therefore, while the Social Contract is very much a theoretical concept constructed to account for the relationships within the state and the foundations upon which they are built, the Social Contract and variations thereof govern our very way of life and that of our forefathers and later, we hope, our children's too.

Of the many and myriad ways that Social Contract that impact our daily life, of special significance is the manner in which economic activity is designed and defined in today's world. How commerce has thrived within the city state and is today undertaken on a global scale.

Traders and businessmen of modern day societies, as did their ancestors, undertake business activities in order that they may seek a better life for themselves and for their family. They trade and fish and farm and offer innumerable services confident in the belief that their services and goods will be paid by the consumer.

The farmer who tills the field and offers ripe water melons for sale is confident that the product can be sold and that the buyer will pay for the ripe and delicious watermelons.

The fishermen ploughing the waves of a rough sea and using his god given strength and mental agility as he pulls in a 52 kg yellow fish into his dhoni has no doubt that the buyer will pay him for the fish and for his effort.

The farmer and the fishermen derive confidence from the fact that if the product is 'stolen' then they have recourse to quick and speedy remedy through the state;

the police and courts. The consumer who wants the watermelon for dessert and the yellow fin for a delicious plate of sashimi, pays for the product aware that the state will not allow him to retract and nullify the transaction. That he does not have a choice but to pay for the product.

The Indian trader who sends potatoes and onions to Maldivian traders on 90 days credit is assured of the fact that he can receive redress through the institutions of the state, lest the Maldivian trader fails to pay on time. The Maldivian exporter who sells tuna loins to the French buyer takes comfort from the confidence that she can seek solutions through the French legal system in the event the buyer become coy about the payments.

Society has developed and production has increased and multiplied to keep 7 billion people alive only because the system works. If the day comes when every producer is in doubt that his effort will not be paid, output will diminish dramatically.

Factories in Taiwan and China will not produce cars and electronics to be sold in US and EU and the Maldives, because they are unable to enforce it abroad. Carpenters will not build cupboards for the neighbour because of uncertainty of payment. Entrepreneurs will not risk their time and effort because payment is not assured. Taxi drivers will not admit a passenger without prior payment and without ensuring that she is not robbed whilst in transit. Mobile providers cannot offer post-paid service and utility companies may not operate for the fear of their monthly bills not getting paid.

That is of course why individuals do not 'test' the system every day. Because it has become practice and culture as the system has withstood the test of time. When the farmer and the fishermen is unsure of receiving just rewards for their effort, production is suspended. The consequence of nullifying and collapsing the system is too great.

Hence in order for commerce and economic life to happen, free agents who enter into the transaction; the fishermen and the consumer, the importer and the exporter, the service producer and the recipient, have all put their trust and faith in the system. Because that is the only way it works. And the only way it will work.

That is why it is critical for all states to ensure that law and order is maintained. That the institutions of the state; the police force and the court system is alive and healthy and respected and indeed trusted. That, personal greed and political

expediency; no matter how important they may seem to be, does not allow for the very existence of the institutions to be challenged.

When the institutions are not well managed, then the solutions lie in changing the administrators. Not by questioning the existence of the institution or what it represents. Questioning the administrators and their ability is a healthy aspect of political life. That is what accounts for the check and balance system. The administrator has to know that he will be held to account.

Not in some vague time in the distant future, but tomorrow. That other institutions, including the media will expose inability and abuse of power. That is what keeps the administrator in check. And the beauty of the modern day political system. Yet when the institutions themselves, and their very existence is brought into question, modern day life as we know it falls apart. Not over years but right in front of our eyes.

The failure of the entire network of relationships, the fabric of the society is too heavy a price to pay for political expediency and personal benefit.