

Life After Global Financial Crisis¹

I am greatly honoured by the invitation extended to me to deliver the S. Ranganathan Memorial Lecture for 2009. I met Mr. Ranganathan only once, at his home in 1967. The charm, dignity and simplicity that he displayed in that one meeting are etched in my memory. When people reminisce about him, the words that come from them are: intelligence, competence, energy, frankness and, above all, humaneness. As the President of India said in 1990 of him, 'His example will always be quoted and cherished in the echelons of the civil services'. This is why I have chosen a subject that is apt for its contemporary relevance and longer-term significance in public policy, and hence in the role of the civil services.



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Causes of the Crisis:

There are multiple causes for the crisis, and the blame-games give differing weights to these causes. Basically, they can be described as synchronized extensive excesses: there was excess liquidity in the global economy for a prolonged period. Too much money was permitted to be in the system, especially in the USA—the epicentre of the crisis. The excess liquidity occurred because monetary authorities looked at price-movements, and often targeted inflation passionately. In the process, they neglected the increase in the prices of physical assets such as real estate, and financial assets like share-prices (equities). Consequently, there was excessive 'financialization': that is, the financial sector grew far more rapidly than goods and other services. In a way,

¹ S. Ranganathan Memorial Lecture delivered at the India International Centre on November 30 in collaboration with the S. Ranganathan Charitable Foundation.