



**CN ES**

*February 2020*

VOLUME III: ISSUE 1

# NICKELED AND DIMED

*The official newspaper of Centre for New Economics Studies*



# CORONAVIRUS IN A GLOBAL ECONOMY

- Advaita Singh

On Thursday, 30th January 2020, the World Health Organisation (WHO) Chief, Dr Tedros Adhanom Ghebreyesus, declared the novel-Coronavirus outbreak to be a Public Health Emergency of National Concern. The outbreak of this new virus in China (Wuhan City) has had ripple effects on an international scale, not only in terms of the contagion spread but also its effect on the global economy. The first case of n-Coronavirus was recorded on 31st December 2019. Having been almost 2 months since then, matters only seem to escalate on the outbreak front, while markets struggle to stabilise. If the world economy was a well-oiled car, China - being a major supplier and market (buyer) for so many firms and countries - would be one of the tyres. With the tyre being close to deflated, the car is in urgent need of repair. Some of the markets and economies that were significantly affected include the Hong Kong Tourist Industry, Airline Industry, Oil Markets, Asian Stock Markets, Foreign Exchange Market and countless Multinational Corporations.

As expected in a situation like this, stock markets across the world took hits. Share Prices in Hong Kong Stock Exchange, HKEX, were on a downward trend according to the Hang Sang Index. The market turned green after 3 days of drowning in reds on the 2nd of February, offering relief to investors. However, the same cannot be said about the Shanghai Composite Index (SSE) that plummeted down by -7.7% on 2nd February 2020. MSCI AC Asia Pacific Index captures the falling Asian markets as "it declined to its lowest level in 2 months" according to Cecile Vannucci at Bloomberg. The market was bearish, partly due to the Chinese stock markets being closed on account of the Lunar New Year holiday. However, part of the credit also goes to the virus that has been finding new homes. Many companies in Hong Kong and other Asian countries have sizable markets in China. With the fall in consumer spending, investors predicted profits to take a hit, leading to a fall in share prices. To top it off, distrust in the Chinese Authorities brewed more panic and uncertainty. Unlike the perturbed Asian markets, their European counterparts take a breath of relief as they stabilised early. Meanwhile, in the currency markets, values of the US dollar and Yen had appreciated as they became safe havens in a stormy period. Oil Prices crippled as shrinking demand from China, a major buyer, exerted downward pressure on the market. Crude oil prices have consistently been dropping according to the WTI Crude index. While this fall in prices benefits many players from across the globe, the Natural Gas and Petroleum industry cannot wait for

## China's share of the Pie:

In 2018, China's total trade in goods was worth US\$ 4.6 Trillion which is 12.4% of the global trade. This is even higher than the US which has 11.5% of share of the global trade.



Source: WGB.org

The effect of the virus on the corporates has 2 aspects - demand side and supply side. The demand side effects have been adversely affecting exporters and MNCs. In 2018, the value of foreign direct investment and balance of payments net inflows in China was 203,492 million US\$ (World Bank database). Over time, China has become a key player in international trade and for multinational corporations. Because of the outbreak, there was a sudden change in the spending habits of Chinese consumers. The fall in consumption has affected the multiple MNCs that found a home in China. Starbucks, for instance, is temporarily closing more than half its stores in the country. It is expected that this move will reflect poorly on its second-quarter and final year earnings.

The Supply-side effects are more likely to last longer. When China became the investment and manufacturing hub for corporations across the globe, it became an integral link in the global supply chain. Thousands of warehouses, manufacturing units, retail units, headquarters and offices of international brands are located in China. Out of concern of employee health and welfare, companies such as Oppo, ZTE, Apple, Ford Motor & Co., Kraft Heinz and many more have officially reduced employee travels to and from China, with some companies even imposing complete bans on employee travel. Such decisions adversely affect internal management and hamper the smooth functioning of a company.

This travel ban has led to huge supply chain disruptions, the effects of which will be seen in the quarterly reports. These disruptions might lead to a rise in the prices of many products produced or assembled in China. One of the industries stuck in the limbo of supply disruptions is the Smartphone industry. Smartphone manufacturers like Nokia, Apple, and Vivo are worried that handsets manufactured in China may be carriers of the virus and that selling them, potentially puts the health of workers and even consumers at risk. While it has been informed that such a situation is unlikely, companies are still apprehensive about how to proceed with the incoming stock. This is just one example from the many industries that are disturbed and sweating over supply issues.

Furthermore, the company-imposed travel ban is hurting the Airline Industry. Demand was already falling as tourists and individuals feared contamination. Thus, the reduced employee travels just became the cherry on the cake. British Airlines and Lions Air (Indonesia) have brought flights to China to a complete halt while other airlines like Delta Airlines have suspended certain flights temporarily. The effect of this travel restriction to and from China is not only inflicting pain on the Airlines, but also the tourist industry of neighbouring countries. Chinese tourists are a source of revenue for hotels, resorts, travel agencies and tourist destinations in countries like Hong Kong and Thailand. 75.1% of all tourists in Hong Kong come from Mainland China. According to 2019 Visitors Arrival data (year-to-date), in 2019 (Dec), the number of tourists from Mainland China in Hong Kong was 2,398,232. Travel ban will have an adverse effect on Hong Kong and other countries. The tourist industries will suffer as Chinese tourists become homebound.

## Verdict:

While the problem of increasing contagions does not seem to be abating anytime soon, it is safe to believe that this is just the beginning of the storm that is hitting the global economy. The gigantic costs are to be borne by companies because of the outbreak, due to transportation issues, manufacturing halts, inventory issues. These effects are as unconfined to one firm, industry or country as perhaps the virus itself. Hopefully, China gets better soon.

# UNDERSTANDING INDIA'S POVERTY PARADIGM

- Snehal Sreedhar

In a conference I attended on the Indian Economy, I was delighted by the discussion undertaken on India's poverty paradigm consisting of panelists coming from high-established backgrounds and experiences. The most fundamental notions around the topic were tackled displaying sentiments that worry most of us as Indians. Mr. N. C. Saxena, a former IAS Officer who also served the National Advisory Council, Ms. Mitali Nikore, an economist and consultant at the World Bank and Mr. Sanjeev Ahluwalia, former specialist at the World Bank, were the three panelists that engaged in this discussion surrounding poverty. The first question that was posed to the panel was -who are the poor and how do we define the poverty line? To this Mr. Saxena replied by rereading the question as how many people are currently below poverty line and why is poverty in India not declining as fast as it is in any other country. To this he said the reason takes the form of "bad governance" in terms of safety net programs that involve a serious "design flaw". For example, the allocation of resources and cash transfers to aid the poor should be made in proportion to the rural population in the states, but this is found not to be true. Bihar gets limited funds as compared to Kerala, a more urban state.

Ms. Mitali Nikore added to this question by talking about the issue of affordability and access in terms of gender, caste and ethnic inequalities that exist in the Indian rural society. Even though the state provisions aim at reducing these gaps, it is still not "expected" for girls to go to school but instead get married at 19. This "poverty of access" is also affected by climate change, another economic concern, as it determines who the first-hand casualties are. The answer bends towards the poor as they have little means to escape these natural disasters. She also talked about how more importance should be given to the state government through decentralization of government policies because every state has a different poverty line. On the note of further defining the poverty line, Mr. Sanjeev Ahluwalia talked about the need for measuring poverty line as specific to different states since poverty is not uniform and is a "dynamic" concept. He also gave insight into how the more progressive a country becomes; inequalities grow which further show a rise in its poverty.



Source: tellmenothing.com

The next question that was posed was- how and why is the greatest burden of poverty especially shared by the two groups - the children and the aged? To this Mr. Saxena replied that the design flaw in programs like Integrated Child Development Services (ICDS), which provide food, primary education and healthcare facilities to children under the age of 6 and to their mothers, render the children accessible to "fast food", not nutritious food. Here, fast food refers to food that is supplied on a larger scale and is, hence, impatient in ensuring its quality and hastily consumed by its recipients. On the question concerning the aged population, Mr. Ahluwalia remarked that because in today's world the youth aren't getting jobs, they're feeding onto the income of their parents and, hence, the aged. The economy should thus involve "shared growth", which refers to the growth of the young along with economic growth.

**“poverty is not uniform but a dynamic concept”**

The third question posed to the panel was on the debate between providing transfers in cash or kind which was first taken up by Ms. Nikore who talked about how conditional cash transfers are important to simplify complex schemes that often stand in the way of getting the poor directly accessible to funds. These schemes give money to poor households under the condition that they comply with certain pre-defined requirements. Something like this was also popularly encourage by Nobel Prize winners of 2019 in Economics, Abhijeet Banerjee and Esther Duflo, who argue that for developing countries like India, having calculated an Ultra Basic Income, could qualify as a criteria for providing cash transfers. "There is no evidence that unconditional cash transfers lead to a life of dissolution."

She also emphasizes the need for women labor force participation rates to rise, which are currently restricted due to laws like the Maternity Act of 2017 which grants more leave provided the employee pays for it themselves. On this note Mr. Saxena also remarked that women should become aware of such schemes that restrict their own growth by giving an example of one of the laws, Section 46(1), Tenancy Act in Rajasthan that renders women equal to "lunatics" and "idiots". Mr. Ahluwalia finally ended the discussion by agreeing with Ms. Nikore on providing direct cash transfers and need for the government to improve its distribution systems.

The conference on India's poverty paradigm came to few conclusions on the "need of the hour" policy actions that should be initiated by the government. However, India's battle for doing away with poverty is not only about policies and structural implementations meeting its people, but also about the mind-set of its entire population that falls behind the below poverty line. State provisions and the issues surrounding it pose questions of access and availability, while availing the benefits of it reflect willingness. Education and awareness, thus, need to be the key factors in this process of alleviating our poverty scenario. You can only take the horse to the shore but cannot make it drink the water.

# THE ROLE OF THE UN IN PREVENTIVE DIPLOMACY

- Madhav Grover

The three pillars namely, Peace and Security, Development and Human Rights guide the United Nation's role in preventive diplomacy. They work in conjunction with each other although distinct but mutually associative. This aspect of preventive diplomacy has been actively involved in preventing major conflicts in the world and is a process, which remains under-publicised. Media's attention is given to conflicts, which turn violent, or has escalated to a certain level. The work of UN as the Mediator between countries is very essential for global peace as it is the only organisation of its kind, which has been formed for this purpose. The United nations also has a mandate which makes it a favourable place for preventive diplomacy as it portrays itself to be an organisation being above from the gambit of major world powers. There are also various problems in the framework of the UN which poses serious challenges to its role in global preventive diplomacy and the reasons for its existence as a whole.

The Charter of the United Nations was formulated with the aspect of preventive diplomacy being carried forward by the secretariat. It was first formulated by the second secretary General of the UN, Dag Hammarskjöld and guaranteed by the Article 99 of the Charter. The article 99 allowed the Secretary-General to bring to the Security Council's attention, threats to international peace and security. The UN, as an organisation, knew that it would be difficult to work things out when there is a direct conflict between major powers which was also seen from time to time especially in the cold war era. Secretary general Dag Hammarskjöld understood this issue and sought for there to be more focus by the UN to prevent conflict between smaller powers and also to prevent major powers from infiltrating into such conflicts.

The UN has been successful in their approach of preventive diplomacy in countries such as Burkina Faso, Colombia, Kyrgyzstan and Guyana in the recent past. Colombia as a nation was in disarray due to an armed conflict prevalent in the country between the communist guerrillas and the Government forces. This conflict had continued since the last six decades claiming more than 200,000 deaths and displaced almost 8 million people. This conflict affected a very large chunk of people by dragging them into poverty, armed conflict and also hampering development of various areas. There were various efforts of mediation which failed between the government and Colombia's largest guerrilla group, Fuerzas Armadas Revolucionarias de Colombia- Ejército del Pueblo (FARC-EP). These mediations took place in 1986, 1994 and 2003. but all failed to put an end to this conflict.

There were various programs, which were initiated by the UN in the country aimed at humanitarian efforts, development, education, rehabilitation etc. The UNCT and UNDP have worked quite extensively in this regard. The success came in as in 2012 as the mediation between the two factions started again and by 2016 the FARC-EP and the Colombian government reached a peace agreement. This ended an era of violence as a major armed group disarmed itself and now the country is moving towards the sustenance of peace and preventing the risk of again going into war. This is all due to the efforts of the UNCT, which has worked in the country for many decades and also, provided a good ground for peace process.



source : euromaidanpress.com

**“UN decision-making has been with the Security Council fundamentally, which has created numerous issues over the years.”**

The UN has also failed to adequately provide resolutions to various countries which have succumbed to armed conflicts both internally and externally. Some of the examples of these failures are Rwanda, Yemen, Cambodia, Sudan, Iraq, Myanmar, and Syria. The Yemen conflict is the most recent of them. The conflict is between the Yemen Government and Houthi armed rebels. This has created a proxy battle between Iran and Saudi Arabia who are backing opposite factions and involvement of UNSC members US and Russia have complicated the situation further. According to estimates, from March 2015 to December 2017, 8,000–14,000 people were killed in Yemen, including more than 5,000 civilians. There is also an ongoing famine in the country due to the UN humanitarian aid being blocked by the different actors involved in the conflict in 2018. The United Nations warned that 13 million Yemeni civilians face starvation in what it says could become "the worst famine in the world in 100 years." The UN was seen failing in containing this particular fact also due to the inability of the Security Council to take decisive actions.

The United Nations has remained unchanged structurally since its inception in 1945. The composition of the UN decision-making has been with the Security Council fundamentally, which has created numerous issues over the years. The Security Council consisted of the victors of the World War II and at the time, was widely accepted to focus on the post war reconstruction of the world order. The UN succeeded to bring about changes and work for the sustenance of peace but still couldn't succeed in all cases and was often regarded with various issues. The major issues with its work in preventive diplomacy is structurally the UN Security Council which can be seen to be biased and focused towards their interests and allies, creating a lapse in decision-making. Another issue is with regard to the role of the peacekeeping forces, which seem to be inadequate in their approach in various instances while looking at crises around the globe. The UN also is seen to have lopsided results as it succeeds in various countries but fails in other countries where the interest of global powers is not there. The UN although has worked to avoid various crisis and has provided humanitarian aid where it is needed. It has also acted as a platform where a dialogue can take place between various states on different aspects of peace. The idea behind the UN being at stake as it presents the larger narrative of peace should, therefore, surpass the boundaries set by its own structural difficulties in order to deliver its primary purpose as the premier international peace enforcing organization.

# A TALE OF TWO BATTLEFIELDS : KASHMIR AND PALESTINE

- Samarth Gupta



Source: cfr.org

Kashmir and Palestine are often cited as two strugglers for the right to self-determination and resistance against state oppression. In order to make sense of the events, it is important to look at the strategic objectives of Israel and India in the conflict zones of Palestine and Kashmir, respectively. This would entail looking at the logic of both Indian and Israeli state occupation of these regions and what compels them to hold onto these areas despite active resistance movements in these areas. With the creation of Israel, about a million Palestinian Arabs were displaced from their homes and Israel had to fight a war with the neighboring Arab states for its right to exist. For the Arabs residing in these areas, the creation of Israel was an import of the European Jewish problem to the Middle East and therefore, an extension of imperialism and colonialism. But at the same time, the Jewish state was to exist in an area where the political culture was essentially anti-Semitic. All of these themes still persist in how

Palestinians view the Israeli state. It is the legacy of European colonialism and anti-Semitism that has influenced Palestinian views towards Israel since its creation.

The other side of the story is how the Israeli state has justified its actions and ensured its survival. By the virtue of being surrounded by nations which are hostile towards its very 'right' of existence and having experienced the trauma of persecution, the Jewish state had to ensure its security. It was possible only if it could either alter its relations with the neighboring Arab nations or if it could keep a strong hold military hold over its surrounding regions and maintain a huge disparity between its own military strength and those of the surrounding regions. The first option hasn't been able to come to fruition because of the deep ideological divide and hence, Israel has pursued the second.

The Israeli control of West Bank and Gaza has granted it strategic depth against any invasion from the Arab nations and with the capture of Golan Heights it could defend its most important water resource, the Kineret. However, the capture of these areas also brought a huge population of Palestinians under Israeli control. The people residing in these areas were already hostile to the idea of Israel and its subsequent control, and the denial of self-determination led to the alienation of Palestinians. On the other hand, Israeli fear about opening up political climate of occupied territories was due to inherent hostility in the region towards Israel. Hence, a regime of oppression was established by Israel to control these territories in order to ensure its security in the face of constant Arab hostility.

India under the leadership of Nehru had committed to the values of secularism and Kashmir's integration with India was ample demonstration of this commitment. The Indian nation state since independence had accommodated regional aspirations that could be granted within the federal structure. But Kashmiri demands of self-determination and a possible plebiscite couldn't be accommodated within this structure. The possibility of Kashmir becoming an independent nation isn't something that is acceptable to either India or Pakistan within their strategic competition for control over Kashmir. For India, control over Kashmir is more than just a matter of regional security and geo-political rivalry but that of ideology. Control over Kashmir completes the two-nation theory upon which Pakistan was created, while its integration with India invalidates this claim. On the other hand, Kashmir seceding from India attacks the premise of Indian national imagination, which accommodates a whole range of diverse regional and religious identities.

In both the cases while methods of resistance and state response depict remarkable similarities; the nature of power, which holds onto them, depicts stark differences. Israel's occupation of Palestine has been guided by the primary aim of ensuring its security in a climate of geo-political hostility. The compulsion to control Palestine has been an existential battle for Israel as it serves as a guarantee to Israeli security against any large Arab attack as well as against groups like Hamas who have bases in Palestine. On the other hand India has to hold onto Kashmir so as to protect the sanctity of the idea upon which it was based. The control over Kashmir grants India domestic and international legitimacy and is a cornerstone to the very idea of what distinguishes India and Pakistan. But the repression of political resistance challenges this very idea. This is a huge paradox of India's presence in Kashmir, which it grapples with in contemporary times.



Source: usip.org

Despite these deep divides, both of these cases show one remarkable similarity, that of lack of options for reconciliation. The reconciliation in Arab-Israel conflict is difficult due to a huge ideological gap between both Arabs and Israelis. The same goes for Indian presence in Kashmir. With accommodation becoming even more difficult after the politics of India and Israel taking a right wing turn, the future of peace process looks bleaker than ever before.

# A GLIMPSE INTO VEGAN INDIA

- Vanshika Mittal



Source: Magzter.com

I start my day with a cup of coffee, (or tea as most Indians would prefer) reading the newspapers where celebrities boast about the improvement in their health ever since they had adopted vegan diets. My phone buzzes with a reminder from my dermatologist asking me to reduce my dairy intake in order to tackle the lactose intolerant hormones that my body produces. Being an environmental science student, I am well aware of the correlation between the increasing green house gas effect and the dairy industry, yet turning vegan has not been an easy journey. It comes with many obstacles, including unavailability of alternative food products and absurdly high prices when found. This essentially raises the question of how a consumer can turn vegan when the food industry itself has not?

Even though veganism is not a concept that is widely understood and adapted in India, more and more individuals can be seen drifting towards it. This is due to many reasons. Consumers today wish to make choices that leave a healthy footprint on their bodies and the planet. With the prolonging climate crisis and awareness regarding animal cruelty, veganism stands underneath a spotlight. One may think that a vegetarian oriented country like India would have no problem in making this shift but that has certainly not been the case. India's vegan market broadly emerges from two sectors- cities such as Mumbai, Bangalore, Delhi etc. that motivate an eco-conscious environment, and areas with yoga and meditation centers such as Goa and Dharamshala.

**“The Hindu majority’s vegetarianism in this country sprouts from more of a religious than an ethical stance.”**

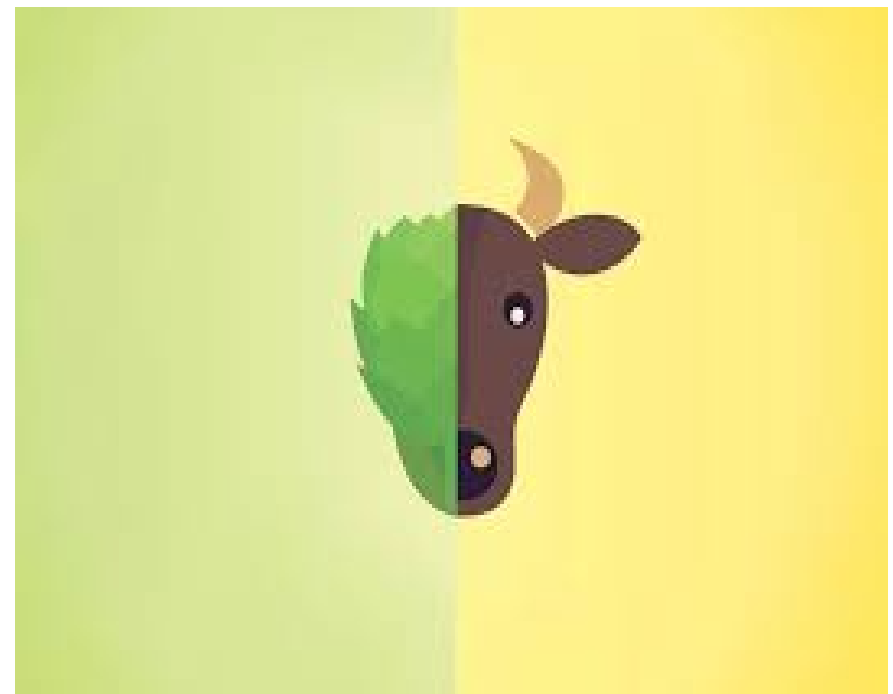
The largest obstacle preventing India's food market from turning vegan is dairy. India is the largest producer of milk contributing to 19% of the world's total milk production. This number can be traced to religious sentiments that milk holds for a majority of the people living here. Its consumption starts right from most Indians' childhoods and stretches beyond their diets. Milk and ghee (clarified butter) are often used to perform religious ceremonies and cultural traditions. This has been followed up from the Ayurveda diet recommendations and Indian mythological tales of Lord Krishna and his love for cows.

This also happens to be the reason why despite the beef ban imposed in 2017, India is still the largest exporter of beef in the world. The Hindu majority's vegetarianism in this country sprouts from more of a religious than an ethical stance. Plant based meat producers have claimed that it's easier to convince non-vegetarians to eat 'mock meat' – a word that often puts a vegetarian off. Once again portraying how habitual the population is in practicing its religion rather than following up on the principles that underline the religion.

In an interview, co-founder of VeganBites (vegan lunch providers), Samir Pasad talks about innocuous branding. He explains- “If we say vegan ice-creams, it is limiting because people immediately think it will not taste good.” In fact, on surveying his customer base, Samir found only 10 percent of them to be purely vegan.

**“Introducing government policies would make the market more inclusive”**

Several entrepreneurs emerging from this genre, predict capitalising on this business in the long run. Even though the market for vegan food is large and growing, it is highly restricting in terms of where its growth lies. Currently, only the rich and the very choosy have the liberty of opting for this food. The market eliminates even that small section of vegans who lie outside of this bracket and want to convert to veganism for ethical reasons. This creates a cycle where the food industry does not turn vegan friendly making it difficult for many consumers to turn vegan. This independent industry now needs an external stimulus to provide an escape route from this cyclic process. Introducing government policies such as subsidies to vegan food productions and taxes to food industries with a high carbon print would help in bringing the cost of production down and making the market more inclusive.

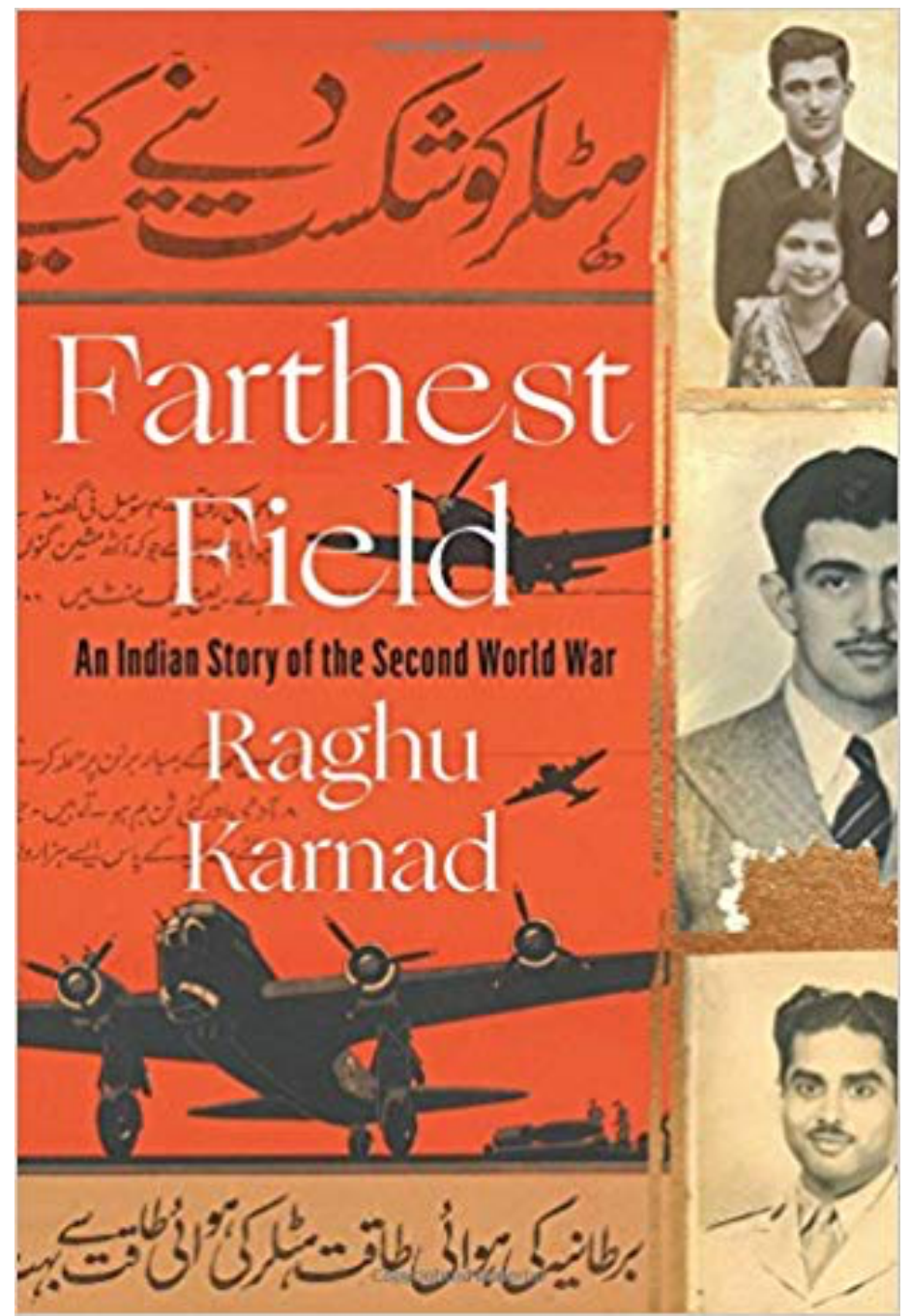


Source: edtimes.in

## ON STORYTELLING WITH RAGHU KARNAD: FARTHEST FIELD

- Prerna Vij

Raghu Karnad recounted what it means to tell stories that are both an attempt to rewrite history and to understand the world that he comes from. 'Farthest Field', then becomes an exercise in literary studies that retains its uniqueness. It makes the most of the ambiguity and allows one to play with the categorisations especially the way one has to place certain narrative types in certain boxes. In the course of an hour long discussion which was mainly centred around the research methodology of the book he has written, there were certain interesting questions that he raised. Fiction and non fiction have often been categorised as two distinct boxes; boxes that are filled with stories that are told in a certain style and written in a manner that cater a specific audience. Every so often, however, you come across stories that fit neither box and the ambiguity in that makes for a slightly different way of storytelling. Raghu Karnad definitely did not have an answer to how this conundrum can be solved but he did tell us how the book helped him understand that there was actually very less difference in this world of fiction and non fiction.



Source: hindustantimes.com



source : dawn.com

The book uses veterans as sources and as Raghu comments, often there is incoherence in the stories that they tell primarily because of memory or illnesses. The book written captures a living memory of the people who told their stories but passed away before the book was released. The stories that were often started by one member of the family would be completed by the other and, therefore, the story would be told and retold several times. In this exercise of telling and retelling, often one would blur the lines between these otherwise black and white categories. The way that he looks at it, the book is classified under 'forensic non-fiction', but it could easily have been in either category. The only difference is that a piece of non fiction would be studied and understood and piece of fiction, read and felt.

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