

Russia's Road to Economic Ruin

By Konstantin Sonin

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After Russia's invasion of Ukraine in February, the Russian economy seemed destined for a nosedive. International sanctions threatened to strangle the economy, leading to a plunge in the value of the ruble and Russian financial markets. Everyday Russians appeared poised for privation.

More than eight months into the war, this scenario has not come to pass. Indeed, some data suggest that the opposite is true, and the Russian economy is doing fine. The ruble has strengthened against the dollar, and although Russian GDP has shrunk, the contraction may well be limited to less than three percent in 2022.

Look behind the moderate GDP contraction and inflation figures, however, and it becomes evident that the damage is in fact severe: the Russian economy is destined for a long period of stagnation. The state was already interfering in the private sector before the war. That tendency has become only more pronounced, and it threatens to further stifle innovation and market efficiency. The only way to preserve the viability of the Russian economy is through either major reform—which are not in the offing—or an institutional disruption similar to the one that occurred with the fall of the Soviet Union.

SANCTIONS ARE NOT MISSILES

The misapprehension of what sanctions against Russia would accomplish can be explained in part by unrealistic expectations of what economic measures can do. Simply put, they are not the equivalent of a missile strike. Yes, in the long run, sanctions can weaken the economy and lower GDP. But in the short run, the most one can reasonably hope for is a massive fall in Russia's imports. It is only natural that the ruble strengthens rather than weakens as the demand for dollars and euros drops. And as the money that would have been spent on imports is redirected toward domestic production, GDP should in fact rise rather than fall. The effect of sanctions on consumption and quality of life take longer to work their way through the economy.

At the beginning of the war, in February and early March, Russians rushed to buy dollars and euros to protect themselves against a potential plunge in the ruble. Over the next eight months, with Russian losses in Ukraine mounting, they bought even more. Normally, this would have caused a significant devaluation of the ruble because when people buy foreign currency, the ruble plunges. Because of sanctions, however, companies that imported goods before the war stopped purchasing currency to finance these imports. As a result, imports fell by 40 percent in the spring. One consequence was that the ruble strengthened against the dollar. In short, it was not that sanctions did not work. On the contrary, their short-term effect on imports was unexpectedly strong. Such a fall in imports was not expected.

If Russia's central bank had anticipated such a massive fall, it would not have introduced severe restrictions on dollar deposits in March to prevent a collapse in the value of the ruble.

Economic sanctions did, of course, have other immediate effects. Curbing Russia's access to microelectronics, chips, and semiconductors made production of cars and aircraft almost impossible. From March to August, Russian car manufacturing fell by an astonishing 90 percent, and the drop in aircraft production was similar. The same holds true for the production of weapons, which is understandably a top priority for the government. Expectations that new trade routes through China, Turkey, and other countries that are not part of the sanctions regime would compensate for the loss of Western imports have been proved wrong. The abnormally strong ruble is a signal that backdoor import channels are not working. If imports were flowing into Russia through hidden channels, importers would have been buying dollars, sending the ruble down. Without these critical imports, the long-term health of Russia's high-tech industry is dire.

The Russian economy is destined for a long period of stagnation.

Even more consequential than Western technology sanctions is the fact that Russia is unmistakably entering a period in which political cronies are solidifying their hold on the private sector. This has been a long time in the making. After the 2008 global financial crisis hit Russia harder than any other G-20 country, Russian President Vladimir Putin essentially nationalized large enterprises. In some cases, he placed them under direct government control; in other cases, he placed them under the purview of state banks. To stay in the government's good graces, these companies have been expected to maintain a surplus of workers on their payrolls. Even enterprises that remained private have in essence been prohibited from firing employees. This has provided the Russian people with economic security—at least for the time being—and that stability is a critical part of Putin's compact with his constituents. But an economy in which enterprises cannot modernize, restructure, and fire employees to boost profits will stagnate. Not surprisingly, Russia's GDP growth from 2009 to 2021 averaged 0.8 percent per year, lower than the period in the 1970s and 1980s that preceded the collapse of the Soviet Union.

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Sharm-El-Sheikh and After

By Udaya Kumar Varma

Author is a former IAS Officer of 1976 batch of Madhya Pradesh Cadre. He retired in 2013 from the post of Secretary, Information and Broadcasting, GOI.

COP27 at Sharm-El-Sheikh concluded in the wee hours of 20th November, two days behind schedule. The outcome is predictably vague, inconclusive, and the agreement, a familiar exercise in face saving.

The most significant achievement at COP27 is the decision to establish and operationalise a 'loss and damage' fund, with a commitment to set up a financial support structure for the most vulnerable by the next COP in 2023. Welcoming this decision, Antonio Guterres, UN Secretary General called it an important step towards justice. "The world still needs a giant leap on climate ambition. We can and must win this battle for our lives.", he hoped.

The other reported outcomes include focusing on post-2025 finance goal, and the so-called mitigation programme, that would reduce emissions faster, catalyse impactful action, and secure assurances from key countries towards 1.5°C. A new term, 'low emissions energy' has been introduced as another source of future energy alongside 'renewable'.

Observers, however, warn that the new language could be a significant loophole, as the undefined term could be used to justify new fossil fuel development against the clear guidance of the UN Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

While agreement on these issues may offer some comfort, there appears to be little forward movement on most other key issues, particularly on the phasing out of fossil fuels, and tightened and binding language on the need to limit global warming to 1.5 degrees Celsius.

Limiting Global Warming to 1.5 degree

The most crucial of all issues and the one on which nations stand committed i.e. limiting warming to 1.5 degree, saw no progress. The declarations on this aspect rings hollow and seems a reiteration of an impossibility. The world is destined to heat beyond this limit. Everyone knows but ostrich-like are not ready to accept.

“A year on from the Glasgow Cop26, a further 40bn tonnes of carbon dioxide has been spewed into the atmosphere.”, says Professor Kevin Anderson of Manchester University. “I struggle to understand how anyone can continue to argue that 1.5C is still alive,” argues another expert.

Despite a unanimous conclusion that there is no way the 1.5-degree climate target will be met under any circumstance, the COP27 reiterates it without telling how, corroborating the criticism that the talks are a charade, a farcical charade. The impression is not without grains of truth.

To see why 1.5°C is dead, one needs to invoke the concept of carbon budget, the amount of cumulative carbon-dioxide emissions associated with a specific amount of warming. Such budgets can be estimated reasonably accurately from climate models. According to the IPCC the budget for a 50% chance of avoiding more than 1.5°C of warming is 2,890bn tonnes of carbon dioxide. Some 2,390bn of this had already been emitted by 2019. That left a pre-pandemic carbon budget of 500bn tonnes. Since then, a further 40bn tonnes has been emitted each year, roughly, leaving less than 400bn tonnes in the budget. COP27 stil believes it is possible.

Someone called this target a ‘totem’. And this totemism is over. The world needs to face up to the reality that the well- intentioned 1.5-degree target stands missed.

Limiting Fossil Fuels

On fossil fuels, the agreement is as elusive. Hopes were raised at COP27 that serious reductions could be made in humanity’s burning of coal, gas and oil, the major causes of climate change. This optimism sprang from India’s call for fossil fuel burning to be phased down – though not phasing out. The silence of the agreement on this crucial issue is deafening.

India at COP27

Two things stand out from the perspective of India. India’s call for phasing down all fossil fuels caught traction but failed to carry the day. Its logic was impeccable but short-term economic interests overawe reason and logic. It is a reality that the world has faced in the past, continue to face and will continues to face.

India’s pledge to prioritize a phased transition to cleaner fuels and slashing household consumption to achieve net zero emissions by 2070, has been well received. It is far more specific and reflects the commitment made by Indian Prime Minister at Glasgow last year. The report for the first time sketches out how the world's second-biggest consumer of coal will meet its decarbonisation pledge made in 2021 as part of international efforts to limit warming to 1.5 degrees Celsius above preindustrial temperatures.

"This is an important milestone," said India's Environment Minister Bhupender Yadav at a COP27 event marking the report's launch. "Once again India has demonstrated that it walks the talk on climate change."

LT-LEDS

These plans are known as a Long-Term Low Emissions and Development Strategies (LT-LEDS). Despite a 2020 deadline for the plans, just 56 countries have so far submitted one. Although the last of the world's five largest economies to do so, India's LT-LEDS is specific and credible. It zeroes in on six key areas to reduce net emissions, including electricity, urbanization, transport, forests, finance, and industry and proposes increasing the use of biofuels - particularly ethanol blending in petrol - boosting the number of electric vehicles on the road, alongside expanded public transport networks, and using more green hydrogen fuel.

Unlike Nationally Determined Contributions (NDCs), which are also mandated under the Paris Agreement, LT-LEDS focus on a longer time horizon and don't require countries to report progress.

India updated its NDC in August, committing the country to reduce the emissions intensity of its GDP by 45% from its 2005 level in the next 7 years - a 10 percentage point increase over its previous 2016 pledge.

'Loss and Damage' Fund – Its Future?

While the declaration of an intent to establish and operationalist a 'loss and damage' fund may bring some comfort particularly to developing country, there is not a whisper as to the actual amount that would be set aside for this fund nor the modus of contribution. And there is no guarantee that wealthy countries will deposit money in the fund and if yes, when? The declaration talks of a committee with representatives from 24 countries to hammer out the next steps, a sure indication of the reluctance and hedging of rich countries. For the US, acceptance of the proposal for creating such a fund was a tactical compulsion and necessity, lest she was blamed for the complete collapse of any progress in COP27. But substantially, it seems merely a face-saving optics, in view of the fact that the earlier promise of \$100 billion assistance a year for adaptation and mitigation remains woefully breached many magnitudes off. The estimated requirement is at the least \$2.5 trillion by 2030.

The loss and damage deal agreed is a positive step, but it risks becoming a 'fund for the end of the world; if countries don't move faster to slash emissions." says an expert. The rich countries may still use this fund as an excuse to delay and stagger their emission cutting commitments.

On climate crisis the planet is on a wing and a prayer. It urgently needs a new totem for the charade to continue.

Indo-Pacific Will Be Key US Policy Theme

By Kumardeep Banerjee

Author is a foreign affairs commentator

G20 Presidency for India is an opportunity, a challenge

There have been several photo ops from the G20 leaders' meet in Bali, Indonesia, which will stay relevant for any follower of international geopolitical order for some time to come. The first face-to-face, three hours long bilateral meeting between US President Joe Biden and his Chinese counterpart Xi Jinping, has already sent ripples in the diplomatic stretch from the US, Europe, Eurasia, Russia to the most significant Indo Pacific. This was the first time both leaders were meeting in person since President Biden took over in 2020.

The geopolitical equations have been recalibrated since 2020, with the Covid-19 pandemic throwing normal trade and bilateral meetings in disarray, exacerbated now by Russia's ill timed "special military operations in Ukraine", threatening to push several millions in developing countries on the brink of food scarcity in the 21st century, and reducing the purchasing power of those in developed economies stoked by historic record high inflation.

This is also the time when China and Russia got into their tightest embrace in modern history, vouching for a "no limits, no barriers friendship". The US-China relations have suffered a huge tailspin, and most of the US foreign policy in the past two years has been about controlling the growing heft of a non-transparent China in the world order.

Key themes emerging from the US-China bilateral suggest both leaders, Joe Biden (after a better-than-expected performance of the Democrats in the US midterms) and Xi Jinping, after robustly securing presidency for the third time, are now in a better place to politically sell to their domestic audiences, a couple of steps backward (if need be), relented to each other. This was apparent in the no cold war, no military conflict with each other, discourse reflected in their respective statements after the meeting. China made it clear to the US that the red line in the relationship was Taiwan, on which China had made several aggressive statements in the recently concluded National Congress of the Chinese Communist Party.

The gnawing war in Ukraine has pushed energy and food prices to all-time highs around the globe and the US and western allies are staring at high inflationary pressures.

China, meanwhile, is facing one of the worst slowdowns (mainly due to a sluggish real estate sector) in nearly two decades, and post Brexit the UK has already lost its position to India as the world's fifth largest economy. The meeting between the top leadership of the US and China took place in Bali in the backdrop of the G20 summit, which makes it even more significant.

Through photo op the US made it clear that the Indo Pacific region will remain as key theme of its foreign policy. Towards this the National security Strategy released by the US last month has underscored the centrality of the Indo Pacific and called for closer cooperation with its European allies as well.

India takes on the presidency immediately after the Bali summit and will host the leadership summit in September next year. This presidency for India is both an opportunity and a challenge to manage a splintered world almost staring at a second Cold War. It also comes at a time when India hopes to tackle complicated global finance architecture and digital transformation standards and issues through the most relevant platform G20. To move ahead with its stated goals, India has to bring the bickering partners together and persuade them to agree to some common basic frameworks for world prosperity.

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Government As An Organisation!

By Sanjay Sahay

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Governments are the most rock solid of organizations, more so the democratic, known to humans ever. But then what is the reason for innumerable challenges the governments face as an organization compared to any other organization. Does it not have the glue of an organization? What we are talking about is the government limited to the council of ministers and not the bureaucracy supporting it. The political executive of the nation so to say,

both at the federal level and the provincial level. The battle cry of cooperative federalism has been talked about every now and then for a very long time now, when one government meets a roadblock created by the other. Have you heard of such roadblocks within any organization?

Governments like any other organization has a method of entry and exist and the individual should have a level of expertise which matches the job assigned. When this qualification is not there, then how do you select people, unfortunately the heads are also selected in a similar manner, elected and at times nominated in the same manner. The high command takes the call. The entry and exit are only on the political equations, whims and fancies of larger-than-life leaders or on the capabilities of anyone to win elections or sway the votes considerably. Politics is the only running thread through the government, governance and the complete arena of decision and its execution.

All these equations have nothing to do with organizational culture, its capability to deliver and ability to keep improving upon its delivery. Ironically, the boss and subordinate relationship is at the core of every organisation. Here either all are on their own in almost every way or at times fall under complete control of the leader. While the ministers keep evaluating their subordinates, the permanent bureaucracy, who evaluates their performance? Is there a well-structured system of their performance appraisal of ministers, which is objective and in tune with their job description and delivery? Reward and punishment based on performance is the name of the game in every organization, how can the most important of all organizations play a different tune.

If the political executive's working hours, leave, travel etc could have been decided based on their official requirements and engagements, the fate of the governments would have been different. Performance has never a point to ponder on, it would never be, government is an appendage to the political relationships within a political party and political considerations outside of it. Expecting the government to work as a team would be aiming for the stars. And expecting the federal government and all the state governments to work as one team, would be reaching out beyond the stars. Has India governance ever seen PM and CMs working as one team working day in and day out to make governance happen at the least to the level where it can be felt. On the contrary, we have seen governments going to courts against each other when people have been lying in lurch of death.

GOVERNMENTS ARE ORGANISATIONS AT WAR, WITHIN AND WITHOUT.

How World Cup Politics Explain The Modern World

By Stephen Collinson

Author is a reporter for CNN Politics covering the White House, and politics across the United States and around the world.

Billions of people will watch the World Cup in Qatar, fixated on one of the world's premier sporting festivals. But football's governing body FIFA has also unleashed a political tempest, highlighting moral, business and geopolitical dilemmas shaping the modern world.

So far, the tournament has been consumed by more controversies off the field than have been caused by the erratic VAR video review system that can send fans into fury.

Disputes about FIFA thwarting a bid by European teams to support LGBTQ+ diversity, women's rights, the treatment of immigrant workers who built air-conditioned stadiums in the desert and the availability of alcohol in the Muslim nation raged since before the opening game. The dramas revived suspicions that a sport that presents itself as open to all ignored human rights and political repression in Qatar for a share of its host's oil riches in a nation with little cultural or historical connection to the beautiful game.

Now that the goals have started flying in – including two for Saudi Arabia in their shock victory over Lionel Messi’s Argentina on Tuesday – FIFA will hope the politics will turn into a sideshow, even among viewers morally conflicted at watching their team in such circumstances. But the political subplot also risks a PR debacle.

And criticism from football fan and US Secretary of State Antony Blinken about a ban on players wearing LGBTQ+ One Love armbands Tuesday turned a sporting spectacular back into an international diplomatic spat.

“One of the most powerful things about football, about soccer, is potential to bring the world together,” Blinken told reporters in Doha Tuesday, alongside top Qatari officials.

“It’s always concerning from my perspective when we see any restrictions on freedom of expression. It’s especially so when the expression is for diversity and for inclusion. And in my judgment, at least, no one on the football pitch should be forced to choose between supporting these values and playing for their team,” Blinken said.

Briana Scurry, a retired World Cup winning goalie for the US women’s national team, told CNN’s “Newsroom” Tuesday that FIFA had brought on this political storm with its choice of venue for the World Cup.

“When you choose the country, you choose the consequences,” she said.

An event that reflects the world’s conflicts

Any World Cup – expected to draw a big chunk of the world’s population to watch its final game in December – is bound to tap into the societal and political zeitgeist.

For instance, Iranian players declined to sing their national anthem in their opening game against England on Monday, in a possible protest about the violent suppression of dissent rocking the Islamic Republic.

But discord stirred by this particular tournament, exacerbated by global football chiefs’ questionable PR responses, is offering a prism for geopolitical trends that are shaking old global centres of power at a time when the Western-led liberal order is under an unprecedented challenge.

The Qatar World Cup is the most stark illustration yet of how a small group of ultra-wealthy oil and gas giants in the Gulf are using their trillions to buy themselves a foothold among the world’s most powerful nations and to create tourism, entertainment and sporting legacies to sustain them when their reserves of carbon energy are depleted. It also shows how they are prepared to ignore liberal values to get there.

The tournament is a test case of the zeal of Western institutions – sporting teams and leagues, cultural institutions and businesses – to grab a share of the gusher of cash coming from the Middle East despite the possible threat to their values.

This mirrors a global shift in power and especially financial muscle – from the capitals of Western Europe to new epicenters in the Middle East, India and China. And football, with its massive global appeal, is taking a huge cut. Traditional working class football clubs knitted into their communities for decades now suddenly find themselves owned by foreign energy magnates. Premier League giant Manchester City was bought by a United Arab Emirates-led group. And Newcastle United is owned by a Saudi Arabia-led consortium, forcing fans to consider (or not) the ethical dimensions of their support for their hometown clubs.

Football is not the only sport changing because of this global power shift. Hundreds of millions of viewers in India for the fast and furious IPL cricket league have shifted the balance of power in the sport from England and Australia. Formula One, which rivals football’s international footprint, now sends its 200 mph racers onto multiple Middle East circuits.

And Saudi Arabia's Public Investment Fund is trying to bust the dominance of the venerable PGA tour in the US after snapping up golf stars like Phil Mickelson and Dustin Johnson with massive pay incentives.

The phenomenon is known as "sports washing" in which an authoritarian nation seeking to buff up their image, despite serious criticism over their political system and human rights performance, woos the world's top sporting stars. China was accused of such an agenda with its 2008 and 2022 Summer and Winter Olympics, where attempts at political activism largely fizzled under its repressive rule.

Corruption claims and political controversies overshadow Qatar's big moment

This World Cup, like many recent major international supporting events, is forcing fans to consider more than the final score.

Allegations of corruption in the awarding of the tournament to Qatar, and its predecessor in Russia in 2018, have long dogged FIFA. In 2020, the US Justice Department alleged that bribes were accepted by top global football officials ahead of votes that allocated the two events. Officials in Russia and Qatar vigorously denied the allegations. Last year, the DOJ wrapped up a six-year investigation into soccer corruption by awarding \$201 million to FIFA and the sport's other global regulators, saying they had been victims of decades-long bribery schemes.

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Nation is Indebted to:

Dr Ghasiram Verma



Dr Ghasiram verma was born in village Sigadi of district Jhunjhunu in Rajasthan on 01 August 1927 in a Jat family of Chaudhary Ladu Ram Tetarwal. His mother's name is Jiwani. His childhood name was kept by his grandfather Shri Ramu Ram Tetarwal as Ghisa, and he later became Dr GhasiRam a famous mathematician and philanthropist of the world who taught mathematics in America in University of Rhode Island for 36 years from year 1964-2000. He is a great donor and social worker committed to the cause of upliftment of education in India, particularly of girls.

Today, thousands of girls have access to good education with his help and many school buildings have come up with his donations. Dr Ghasiram Verma is an American citizen, but visits India for three months every year and spends Rs 50 lakh, half of his pension funds—on education of girls. So far, he has spent over Rs 10 crore on educating girls in his area.

Due to this he is called a 'Crorepati Fakir' because he has spent almost everything for the girl child education.

His mission is not restricted to Jhunjhunu. "I help students all over Rajasthan through 28 hostels, 21 colleges and schools and 18 charitable institutions because education is very important for an aware society. I don't select individuals needing my assistance. Instead, I send money to the heads of the colleges and schools and they select the recipient. I do not keep an account of the charity, but I am told it is close to `Rs 11 crore now," says Dr Verma.

Dr Verma faced difficulties in studies, as his family did not have enough money. He somehow completed his studies with scholarship money. There was no education facility in his village at that time. Though his school was about 5km from home, he attended classes diligently, and was awarded a scholarship that eased his pressure for money.

After graduating in mathematics in 1950, he started teaching children in a school and got Rs 100 as his first salary. Despite getting a job, he continued his studies and even his MA and PhD. In June 1958, he left for the US to serve as Professor of Mathematics at Rhode Island University in Kingston City, New York.

Recalling his tough childhood, Dr Verma says there was no facility to study in his village. "I studied with the help of social workers and some Seth-Sahukars of Shekhawati region. I reached Pilani and with mathematics as my favourite subject, my educational journey continued. When I completed my PhD in 1957, I became the first Indian to teach the subject at the New York University."

Dr Ghasiram Verma retired about 20 years ago and receives almost Rs 68 lakh as annual pension and from his investments. Out of this, he donates about Rs 50 lakh in India every year to promote girl child education.

The turning point in his life came in 1981. "I came to Jhunjhunu and saw a group of young students waiting for a bus in the scorching sun to go to their village. When I asked some of those girls at Mandawa town, I came to know that they came to the city to study, but there was no facility to stay there".

That day, he thought of building a hostel in Jhunjhunu, which has now grown into Maharishi Dayanand Girls PG Science College. Around 1,800 girls are studying here at a nominal fee, and others are studying on scholarships in other schools set up with his donations.

Verma's own charitable works - including the construction of more than 20 hostels for the girls studying in Indian Schools - have been captured in five volumes of Hindi poetry and prose. One of these was written for his 75th birthday, partially translated to English. It contains contributions from scientists, doctors and one young author who was once his neighbour - Jhumpa Lahiri, winner of the 2000 Pulitzer Prize for Interpreter of Maladies, a collection of short stories.

A professor describes Verma in the book as "magnanimous," with "limitless feelings of selflessness, dedication and sympathetic understanding of the needs of others."

Dr Ghasiram Verma is a true example of ethos of ancient Indian culture.

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