Economics of Disaster

Divya Malhotra, 1st year MA Economics

A decade ago, a bright sunny day had just kicked off in the New York City when a plane crashed into the twin towers of the World Trade Centre. Within seconds, the icons of power and prestige of US were buried to ashes. More than 6000 people were injured; approximately 2900 lives were lost while the survivors went into trauma. It took months for US to come to terms with the fact that it had been targeted by Al Qaida, the terrorist outfit led by Osama Bin Laden and hence 9/11 changed the world history forever.

Eight years hence as world entered into the sixth month of Indian financial calendar, US once again emerged as the epicentre of a disaster. The bulls, bears and stags at the Wall Street were at peace, completely oblivious of the approaching catastrophe. Came September and the stock market came crashing down, way below the depleted water tables in India. The man on New York Street who once flaunted that all his children were investment bankers in the big ticket wall-street banks like Lehman Brothers was now bankrupt. The economic depression took millions of people into a state of perpetual blues!

“When America sneezes, the world catches cold.”

It did not take long for this anonymous infection to spread and the world grew tense due to this sudden “unpleasant-development”, an oxymoron in economic jargon.

By and large, such catastrophes whether natural or manmade bring with them enormous loss to wealth and health. However they are not essentially heart-breaking. As economies
touch the trough, there are some segments which witness the peak of their careers especially if you are a journalist!

Whenever things fall out of place, they get a reason to celebrate. Not that they are essentially sadistic, but that is what the profession demands. Be it 9/11 or the economic tsunami of 2008, all were marked by loss of jobs and reduced money incomes. In economic parlance, this meant low purchasing power, diminished market demand leading to huge losses. Interestingly demand for news and newspapers accelerated at an increasing rate. Thus this fortunate lot of professionals never runs out of work. As long as there is misery and injustice in the society, as long as the economies continue to crash and collapse, as long as floods and Tsunamis continue to rock our coasts the journalists don’t need to fear the pink slips!
Medical Tourism: Limiting Aspirations

Judith, BA Economics Honors

Since times immemorial, the mystical land of India has been attracting foreigners from all over the world. Healing of the body, mind and spirit has been one of the country’s most compelling value propositions. And as the costs of health care have soared, particularly in developing countries, India’s hospitals and physicians have made all possible efforts to become a destination for tourists who seek not just therapeutic solutions but a range of other treatments and sightseeing tours, adding to the “wellness” factor. Almost a decade has passed since medical tourism was originally envisioned as a major phenomenon in India.

According to the 2009 report by the Confederation of Indian Industries (CII) medical tourism will generate $2.4 billion between 2009-2012 for India by attracting 1.1 million medical tourists. Traditionally, patients from neighbouring SAARC and Middle East countries frequented hospitals in India. Recently, patients from Africa and even Europe and US have started coming. We can say that pricing is the clear advantage here. But the question really boils down to whether the Indian Government is taking enough measure to tap the potential?

The flipside to this issue has been the lack of Government interference or the role of the Government itself. Although infrastructure spending on health care has intensified, only the private sector has flourished. There is a lot of business that India is missing out on due to a variety of issues which could indeed act as a catalyst in some way to our economic growth. The primary issue comes in terms of perceptions about India being a country with poor infrastructure which proves to be true when we look at the public sector. Heavy investment in infrastructure and marketing with special emphasis to public sector is needed to change this perception. Getting an Indian visa from our overseas consulates is the biggest
hassle for a potential patient. Most patients still come to India on a tourist visa and the long queues after arrival at the Indian airports for immigration also puts off the patient who are already in a weak state of health. Off late, health care providers in India have understood the value of quality accreditations to attract more foreign patients, but still the adoption is slow. Many more hospitals which have good facilities and consultants are still in the process of getting accreditations. India has a wealth of alternative medicinal practices, which could also be used to treat chronic ailments. However, they are not promoted according to their potential due to lack of standardization in pricing and quality. Kerala has been a rare example in which has promoted its treatments.

As we look at the potential for medical tourism in India, it is important to realise the drawbacks and bridge the gap between Government and private hospitals. Although this is not something that can be achieved within a limited time frame, constant efforts from both the sectors are required for medical tourism to flourish in India. In my opinion this is possible only when affordable health care is available to a large segment of the population, taking the load off from tertiary Government institutions.
Forms of Market

Meghna Golder, II PSEco

When I was younger for me there was,
One type of market, with merits and flaws
The kind where every weekend ceremoniously
We’d trudge along, buy groceries we need
Greet all the shopkeepers and then
Put everything and return home in our Zen.
This of course was before
I took Economics as one of my majors in my BA course
And suddenly markets became
Of four types, nothing remained the same.

Perfect markets, the ideal state
Declared the teacher to students
At the prospects of studying this form
Which never really actually exists, it’s not the norm.
“The firm is a price taker, not a maker” the teacher declared
“And the products are homogenous” it was said of its wares.

Monopoly and oligopoly
Seemed like siblings to me
While monopoly was the evil one overlord
Controlling the whole market like it was god

Oligopoly was the nicer one

Content to share the power among some

Like the mafia and its regime.

And lastly the well balanced one

Monopolistic and then we’re done

“Product differentiation” that is the key

Trademarks and brand names that is what companies need

To set themselves apart from all else

To make you buy their products off the shelf,

Advertising finally comes into the frame

Another way for celebrities to increase their fame.

So next time someone mentions markets

In economic class, do not fret

Remember this little instruction and

Say “I’ll tell you all about markets ma’am?

Rattle off the points in a confident tone

And make it evident, how you own this topic.
In his ‘Essays in Persuasion’, published in 1931, John Maynard Keynes said, “For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our Gods for a little longer still”. However, any economic student or for that matter any Indian citizen, knows that greed, dominance and exploitation will not have faded away by 2031. As Indians, we are familiar with the concept of colonialism and see its remnants all around us. At the time of British Raj, a lot of wealth was drained out of our country. Many African countries can relate to us; by 1885, established empires, notably Britain causing the ‘indirect rule’ policy, Portugal and France both using the direct rule policy had claimed vast areas of Africa. Decolonialism occurred after nearly 100 years (by 1980) due to growing independence movements and pressure from the United States.

As indirect form of colonialism exists between the developed and developing countries even today, wherein international trade becomes the medium by which countries like Ghana, Congo, Latin America economies, etc. are exploited by the post colonial powers like the UK and France as well as new economic super powers such as the US. This is called ‘neo-colonialism’. The result of neo-colonialism is that foreign capital is used for the exploitation rather than the development of the less developed parts of the world, thereby increasing the gap between the rich and the poor countries of the world.

Forms of neo-colonialism:

1. Francafrique: The continuing close relationship between France and some of its former African colonies is given this term. French President Charles de Gaulle foresaw the wave of revolutionary nationalism that would sweep across Africa and sought to circumvent that tide by proposing to the African leaders a negotiated settlement for independence under which they had to agree to allow French troops
to be stationed on their territory, provide France with a supply of raw materials at pre-determined prices and grant the French treasury authority veto over their sub-regional Central Banks. Francophone Africa has been paying for independence ever since French troops have repeatedly intervened in Chad, Senegal, Gabon, Zaire, Central Africa and Togo.

2. Loans from international financial institutions; In order to qualify for locus from the IMF (International Monetary Fund) or WB (World Bank), weaker nations are forced to take steps that are detrimental to their own economies and favourable to the financial interests of the IMF/WB. Strauss Kahn (former managing director of IMF) has faced many allegations of abuse in the recent past, one of which refers to forcing Guinea to sell off its valuable resources like uranium, gold and diamonds at throw-away prices to foreign institutions by cutting off the capital inflow to the West African country and leaving it unable to borrow for its economic development.

Hence, economic super powers of the world work at preserving their status. One can also argue that at a lower level, oppression by Governments within nations is similar to colonialism in that it is as exploitative of the common man; there is merely a change in the wrong doer. The Banana Republic’s (e.g. Guatemala) of the world show us that kleptocracies are not an Indian Idiosyncrasy, and the developing countries will have to live the thumbs of the more powerful nations, just as the regular Indian or African will have to tolerate the injustices meted out by their corrupt Government’s for a while longer.
The 2010 Human Development Report, released by the United Nation’s Development Index (UNDP) featured three new measurements complementing the Report’s traditional Human Development Index:

1. **The inequality-adjusted human development index (IHDI)** adjusts HDI for inequality in distribution of each dimension across the population. Under perfect equality, the HDI and inequality-adjusted HDI are identical. The lower IHDI and the greater the difference between it and the HDI, the greater is the inequality in the distribution of health, education and income.

2. **The gender inequality index (GII)** reflects women’s disadvantage in three dimensions, i.e., reproductive, health, empowerment and the labour market. The index shows the loss in human development due to inequality between female and male achievements in these dimensions. It ranges from 0 which indicates that women and men fairly equal and 1 indicate that women are lower in the measured dimensions.

3. **The multidimensional poverty index (MPI)** identifies multiple deprivations at the individual level in health, education and standard of living. It uses micro data from household surveys, and shows the deprivations that people face on the household level. Each person in a given household is classified as poor or non-poor depending on the number of deprivations his or her household experiences. These data are then aggregated into the national measure of poverty. The MPI can be deconstructed by region, ethnicity and other groupings as well as by dimension.

These new measures can pinpoint problems and successes in a country, and help to develop and change ideas and policies that can improve people’s lives.
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