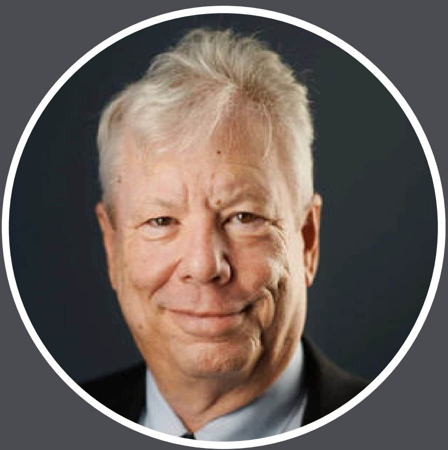
St Joseph's College of Commerce (Autonomous)
Affiliated with Bengaluru City University
Accredited with A++ Grade by NAAC in 4th Cycle (CGPA of 3.57/4)
College with Potential for Excellence
Ranked 65th in NIRF 2023 by the Ministry of Education, Government of India
#163, Brigade Road, Bengaluru 560025, Karnataka, India

The Department of Economics presents

INTAGLIO

JULY 2023
VOL 8

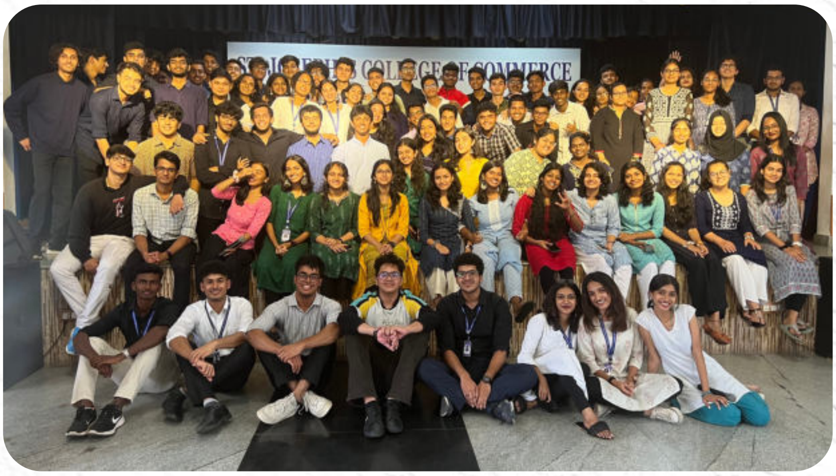


RICHARD H. THALER

September 12, 1945,
Nobel Prize winning
Economist

"We are humans, not econs, and we need a more realistic model of human behavior."

WE BROKE THE ICE!



Students of 2 B.Sc Economics broke the ice with their juniors through the departmental icebreaker event, Economixer, organised on 6th July 2023.
The seniors provided a brief introduction of the various departmental activities and associations. The event also involved games and challenges as a heartwarming welcome to the students of 1 B.Sc Economics!

MAJOR ECONOMIC NEWS
INDIA

- Indian economy to grow at 6.1% in 2023, IMF projects.
- After France and UAE, UPI reaches Sri Lanka, will increase fintech connectivity says PM Modi.
- Goldman Sachs predicts India will overtake US to become worlds second largest economy by 2075.
- Online gaming, horse racing and casinos to attract 28% GST on full face values.
- Tomato prices soar due to weather-related production disruptions, stabilization expected only by September.
- According to the NITI Aayog report, approximately 15% of the Indian population experiences multidimensional poverty, highlighting the need for targeted social interventions.

MAJOR ECONOMIC NEWS INTERNATIONAL

- Grain prices raise after Russian pullout of Black Sea deal sparks food crisis fears.
- Federal Reserve raises rates to highest level in 22 years.
- Japan PM Kishida approves USD 200 billion spending to counter inflation.
- China is imposing further limits on exports of critical metals used in chipmaking.
- Global trade growth remains weak, but services show some resilience: UNCTAD
- COP28 will include the first ever Trade Day at Climate Conference.
- World Bank offers developing countries debt pauses if hit by climate crisis.
- UK to run up highest debt interest bill in developed world.

WILL THE DOLLAR BE BROUGHT TO ITS KNEES AFTER YEARS OF ITS STRONG HOLD?

ESHA ASHRANI
1 BSc Economics

Bretton Woods

How did the Dollar come to be a global currency? It starts in 1944, after the second World War and Great Depression, all the countries in the world had greatly depleted their resources and wanted to rebuild the global economy. For this very reason, the Bretton Woods Conference was held in New Hampshire in 1944, where 730 delegates from all 44 Allied nations gathered and deliberated from 1st to 22nd July. The United States had two-thirds of the world's gold under their control and insisted that the Bretton Woods system rest on both gold and the US dollar. Two people played a vital role at that conference, the famous British economist John Maynard Keynes and American Chief International Economist of the U.S. Treasury Department Harry Dexter White. Keynes' idea was to establish a powerful global central bank to be called the Clearing Union and issue a new international reserve currency called the 'bancor'. White's plan on the other hand, focused on a more modest lending fund in which the countries depended greatly on the U.S. dollar rather than the creation of a new currency. After some discussion, parts of both their plans were implemented, more inclined towards White's vision and ideas, and the agreement was signed. The conference also led to the establishment of the IMF

and the International Bank for Reconstruction and Development (IBRD), which are part of the World Bank Group.
Hence, the dollar was fixed to gold at $35 an ounce while the currencies of participating nations like Britain, France, and Germany agreed to peg their currencies to the dollar at adjustable fixed exchange rate with diversions of 1% allowed.

Nixon Shock and Smithsonian Agreement

The Bretton Woods system began to unravel in the 1960s, as the global stock of gold became insufficient to meet the demand for international reserves. The U.S. President Richard Nixon stopped allowing foreign central banks to exchange U.S. dollars for gold in August 1971. This led to a sharp jump in the U.S. inflation rate in the late 1960s, causing the existing system to breakdown. This decision by President Nixon brought an end to the gold standard and triggered a crisis. It further led to an appeal from the IMF for negotiations among the G-10 countries. Therefore, in 1971 the Smithsonian agreement took place in an attempt to salvage the gold standard. The US pledged to peg the dollar at $38 per ounce, causing the dollar rate to

drop by 7.9%. Other world currencies appreciated, and diversions up to 2.25% were approved. However, this agreement was temporary and within 15 months the countries decided to maintain their exchange rates at 2.25% parity with each other and let their currencies float.
In the mid-1970s, the petrodollar came into existence. The United States and Saudi Arabia entered a mutually beneficial agreement in which Saudi Arabia (and OPEC) agreed to sell crude oil internationally exclusively in US dollars, while the US agreed to protect and ensure security in Saudi Arabia. This agreement essentially re-established the US dollar as the global reserve currency, as all nations had to have the US dollar to pay for oil and other commodities. Thus, the US regained the ability to print an unlimited amount of US dollars and established itself yet again as a global currency.

Current State

In today's economy, The Dollar forms the majority of all countries' reserves, its responsible for 58.3% of the total reserves. The other predominant currencies used in trading include: Euro, Yen and Pound. However, there is growing unrest among many countries regarding such heavy dependency on the Dollar. The 2008 financial crisis is still a reminder of the consequences of relying on the Dollar. Here are some factors or catalysts leading to de-dollarise.

Russia

Post pandemic, countries started to observe the shortcomings of relying on the US dollar for trade, and this trend was further triggered by the Russia-Ukraine war after the imposition of economic sanctions by the US against Russia. Russia was cut off from the dollar, freezing $300 billion in Russian central bank assets. This hindered the smooth movement of its transactions and trade. Furthermore, over the past few years, Russia has substantially reduced its Dollar reserves from 46% to 20% and increased its reserves of Euro and Yuan to 40% and 10% respectively.

Exorbitant privilege

Exorbitant privilege refers to the benefits the United States has due to its currency being a global reserve currency. All trade and Balance of Payments are carried out in the Dollar, which means that the United States will never face any Balance of Payment issues as they can print the money to settle any debts. Borrowings, imports and all other economic activity take place in their own currency. Secondly, people tend to invest dollars in the safest way, which is in treasury bonds issued by the government. This means that the US has surplus investors and can keep very low interest rates on the bonds and thus borrow money for much cheaper.

Zimbabwe's de-dollarization

The Zimbabwean dollar was established in 1980 valued at 1 ZWD = US$1.47. This valuation made it worth more than the US Dollar however, it witnessed extreme hyperinflation rates. By 2006, the ZWD fell to one-millionth of a pound. It went through three rounds of re-denominations in 2006, 2008, and 2009, respectively before it was suspended. The highest inflation rate went up to 250,000,000% in July 2008. The use of foreign currencies in Zimbabwe was legalised in January 2009, allowing general consumer prices to stabilise after years of hyperinflation.

In June 2015, the Reserve Bank of Zimbabwe began to formally demonetise the Zimbabwean dollar, reducing its value steadily to zero in order to make a complete switch to the US dollar by the end of September 2015. In June 2019, the country went back to de-dollarising, the Reserve Bank of Zimbabwe suspended the multiple currency system and replaced it with a new Zimbabwe dollar known as the RTGS dollar. Learning from its past mistakes, Zimbabwe's currency seems to prevail and there seems to be no turning back.

Pertoyuan

The Dollar plays a dominant role in oil trade however, to combat this, China is coming up with the Petroyuan. Russia has been an agreeable player for trading in yuan, especially since the sanctions imposed by the US. China has an agreement with Saudi Arabia to trade oil in yuan. Additionally, China was mediating the peace deal between Saudi Arabia and Iran—another oil-producing country. These are significant strides towards creating the Petroyuan as an additional currency for trading or purchasing oil.

India's steps towards de-dollarisation

The Indian rupee is also making great strides in reducing dollar trade. A treaty between India and Bangladesh will allow some of our bilateral trade transactions to be handled in our respective national currencies.

Before Bangladesh, 18 countries had already begun using Indian rupees to settle their international commerce with India, including Russia, Germany, the UK, Singapore, Sri Lanka, Malaysia,
Oman, and New Zealand. The latest breakthrough is the agreement between India and UAE to start trading in national currencies.

Conclusion

The growing trend towards de-dollarization has pros and cons. Reducing dependence on the dollar lessens the US's influence on national monetary policies and enhances overall economic stability. However, it may lead to exchange rate volatility, negative trade balances, and currency wars among top countries vying for the next global currency. The solution is not to entirely replace the dollar but to diversify and include other currencies and payment methods. Encouraging trade in domestic currencies, building alliances, and investing in other currencies can promote a more stable global economy.

BEYOND THE SCREEN: APPLYING ECONOMIC WISDOM FROM POP CULTURE

KRISHA SHAH
1 BSc Economics

Icons in popular culture have a significant impact on society, influencing trends, values, and behaviors. The economic lessons embedded in their biographies frequently go unnoticed, despite the fact that their influence on fashion, music, and entertainment is generally recognized. Let's explore some of the economic lessons that might be drawn from these renowned individuals and imagined settings.

1. Scarcity and opportunity cost with Harry Potter:

The idea of scarcity is clear in Harry Potter's wizarding world when it comes to resources like time and money. Harry, Ron, and Hermione are just a few of the characters that frequently have to make decisions with opportunity consequences. The choice to devote time to studying spells and going to classes could result in less free time or social interaction. This shows us how important it is to allocate resources effectively and comprehend opportunity costs in both the magical world and our actual economy.

2. Entrepreneurship with Tony Stark/Iron Man:

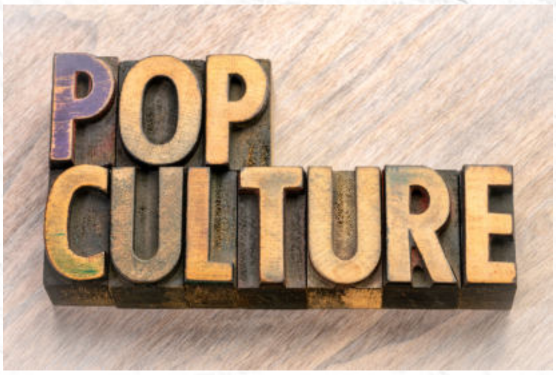
The epitome of the business mentality is the brilliant billionaire Tony Stark from the Marvel Cinematic Universe. His knack for innovative thinking and invention, as illustrated by how he created his Iron Man costumes, highlights the value of entrepreneurship to encouraging economic growth and employment creation. The significance of taking chances and accepting failure as stepping stones towards success is also highlighted by Stark's accomplishment.

3. Consumer behaviour with the Apple brand:

Co-founder of Apple Inc. and the late Steve Jobs gave an example of how to create a brand that appeals to the aspirations and emotions of customers. Millions of people around the world fell in love with Apple's slender and user-friendly gadgets. Companies seeking long-term success in a competitive marketplace have to fully understand consumer behaviour, preferences, and the influence of branding.

4. Supply and Demand with Pokémon Go:

Demand for virtual pocket monsters skyrocketed after the release of the mobile game Pokémon Go. This surge caused the cost of rare Pokémon and other in-game products to skyrocket within the user base. The simulation revealed how the dynamics of supply and demand may influence market conditions and pricing, even in fictional economies.



5. Labor Market and Human Capital with The Devil Wears Prada:

We see the highly competitive and under pressure fashion industry
in the movie & quote; The Devil Wears Prada." As she negotiates the demands of her profession, the main character, Andy Sachs, learns the worth of her time and skills. This narrative emphasizes the value of developing one's human capital, developing one's skills, and securing fair compensation in the job market.

6. Behavioural Economics with The Big Bang Theory:

The Big Bang Theory showcases the strange behaviours of its characters, particularly Sheldon Cooper's insane actions. His characteristics offer a window into behavioural economics, which contends that rather than relying solely on rational thought, human decision-making is influenced by cognitive biases and emotional responses.

Understanding behavioral economics can help us better understand market patterns and create economic policies that work better.

7. The Economic Cycle with The Wolf of Wall Street:
The infamous theatrical release "The Wolf of Wall Street" displays the scandals of Wall Street in the 1990s. It serves as a cautionary narrative about the financial markets' boom-bust trend as well as the economic cycle. The crucial role of rules and moral conduct in averting economic crises and protecting investors is reiterated in the movie.

In conclusion, pop culture icons and fictitious settings provide insightful economic lessons that go beyond the big screen. These lessons can improve our comprehension of actual economic principles, from scarcity and opportunity cost to entrepreneurship and consumer behaviour. We may make better decisions in our own lives and contribute to a flourishing world economy by understanding and putting these economic lessons into practice

SUDOKU

8		7	4	3				2
		3	5	9	7			
9								6
2				8		7	3	4
	3		9				1	
	4					5	2	
5	9	1	3					7
	8			4	1	2		
	7			5	9		6	

FILL IN THE PUZZLE SO THAT EVERY ROW ACROSS, EVERY COLUMN DOWN AND EVERY 9 BY 9 BOX CONTAINS THE NUMBERS 1 TO 9.

A SINCERE THANKS TO:

Principal:
Dr. Charles Lasrado S J

Vice Principal (S1):
Dr. Ruqsana Anjum

Vice Principal (S2):
Dr. Veenu Joy

Registrar:
Dr. Subhashini Muthukrishnan

HOD:
Dr. Jhumur S Roy

EDITORIAL TEAM:

Jayasree Bhaskar
Mahith V Unni
Neeladri Panigrahi
Fardin Pasha N
Amitha Mathew
Nisha Shetty
Vaishnavi H R

DESIGNED BY:

Jayasree Bhaskar
Mahith V Unni
Atul Verma

TO BE FEATURED IN THE NEXT EDITION:

Submit your details here!

FOLLOW TO LEARN MORE:

ABOUT SJCC:

St. Joseph's College of Commerce (SJCC) began as a Department of Commerce in 1949 at St. Joseph's College (Estd. 1882). This department was moved to Brigade Road campus in 1972 and became an independent college under the name St. Joseph's College of Commerce (SJCC). SJCC is affiliated to the Bengaluru City University. Currently there are over 3000 students in B.Sc, B.B.A, B.Com, B.A. & M.Com programmes at SJCC. SJCC was conferred autonomous status in October 2004 and recognised as a "College with Potential for Excellence" in February 2010 by UGC. The college is re-accredited with 'A++' grade by the National Assessment and Accreditation Council (NAAC). It has been consistently ranked within the top 100 colleges by the National Institutional Ranking Framework (NIRF), MHRD. Since it's inception, the college has been a state-of-the art space for Commerce and Management Education focusing on multi-dimensional response to the significant changes and developments in the field of Higher Education as well as in the domain of Commerce and Management. The academic year 2022-2023 marks the Golden Jubilee year of the establishment of SJCC.

ABOUT DEPT OF ECONOMICS:

The Economics Department at St. Joseph's College Of Commerce seeks to instill an academic drive among the students of the program. With its numerous workshops, seminars and events, it aims to further the students' understanding of Economics from how to chalk out a graph to creating models. The Department envisions to nurture the potential of every student, in a bid to invigorate and inspire them to get one step closer to their vision.