

Gist of EPW October Week 5, 2020

TABLE OF CONTENTS

1. [Pandemic in the Eyes of the World Bank and the IMF](#)
2. [Fetish for Electoral Politics](#)
3. [The Future of Work in the Post-COVID-19 World](#)
4. [On People's Alliance for Gupkar Declaration](#)

Pandemic in the Eyes of the World Bank and the IMF

Context:

- In their respective reports, the World Bank and the International Monetary Fund ([IMF](#)) have highlighted the deficiencies in handling the COVID-19 situation by the Indian government and its subsequent impact on the economy.
- The article analyses these two reports in detail.

Findings of the World Bank's report:

- The report named “Beaten or Broken? Informality and COVID-19” by the [World Bank](#) compares India's response to COVID-19 with seven other South Asian countries and highlights that India is lagging behind them on several parameters negating the tall claims made by the government on containing the epidemic.
- Impact on economy:
 - By the end of March 2020, electricity consumption went down to 30% below normal. The consumption remained below normal till August, highlighting the severity of the lockdown.
 - Districts having the most COVID cases per capita witnessed the highest decline in both mobility and light intensity.
 - India's GDP fell by 23.9% as compared to the other 60 countries where the average fall in GDP was 11.6%.
 - In 2020-21, the [GDP of India](#) is expected to contract by 9.6%.
- Assessing India's performance in controlling the pandemic:
 - India's performance in controlling the pandemic has not been impressive despite imposing one of the strictest lockdowns.
 - As compared to Bangladesh, which has the 2nd highest COVID cases in south Asia, India's number of cases is 17 times that of Bangladesh.
 - On the basis of cases per million, only Maldives (19038) has a higher infection rate than that of India (4,574).
 - The Maldives has a death rate of 0.3% as compared to India, where the death rate is 1.6%. The highest is in Afghanistan (3.7%).
 - The death rate—the ratio of COVID-19 deaths to COVID-19 infections.
 - The [World Health Organization's](#) benchmark for adequate testing is between 10 and 30 per confirmed case. India is at the lower end of 12. In South Asia, only Sri Lanka and Bhutan have surpassed these limits.
 - Recent data of September shows that tests per infected patient in India remained at 14.1, while in Pakistan, it has reached 52.7.
- Impact of the pandemic on the informal sector:
 - The informal sector, which provides livelihood to the lowest income groups, has suffered the most.

- Amid lockdown and loss of income, self-employment has increased by 12%, during the first six months of the COVID crisis. Wage employment has shrunk by 30% and 8% in the formal and informal sectors respectively. This indicates a shift in the labour market towards low-quality employment.
- Informal employment in urban areas which accounts for 74% of the total employment has been the worst affected.
- The rise in food prices which constitutes a major proportion of the consumption basket of the poor has further aggravated their situations.
- What concerns most is the losses due to the shutdown in schools. In the South Asian region, this has impacted 391 million students in primary and secondary schools. This has led to a loss of 0.5 years of learning adjusted schooling, which means a lifetime loss of earnings of more than \$600 billion or 5% of South Asia's GDP, and of this, India's loss is the highest at above \$400 billion.

Finding of the IMF report:

- “World Economic Outlook” which is released by IMF has noted that the GDP growth of India has suffered due to sharp compression of consumption and the collapse of investments. Inflation has also increased sharply due to supply bottlenecks and an increase in food prices.
- According to the IMF, in 2020, global GDP will reduce by 4.4%. Compared to a 3.3% decline in emerging and developing economies as a whole, there would be a decline of 10.3% in India's GDP in 2020. Advanced economies will suffer a GDP decline of 5.8% during the same period.
 - The sharp decline in India's GDP also stands out in contrast to GDP trends in emerging and developing Asia as a whole, which is expected to fall by only 1.7%.
- Globally, among the major GDPs, only Spain and Italy are expected to suffer the worst loss in GDP than India.
- What is more concerning is that according to the revised purchasing power parity price, IMF has lowered India's share in global GDP from 7.8% to 7.1% in 2019.
- Also, the IMF estimates that Bangladesh's per capita GDP will rise to \$1,888 in 2020, becoming more than that of India's, which will fall to \$1,877.
- This is most disturbing given the fact that in 2014, when the National Democratic Alliance government came to power, India's per capita GDP, at \$1,574, was around 44% higher than the \$1,093 per capita GDP of Bangladesh.

Conclusion:

- India's response to the pandemic and inability to strengthen health infrastructure during the pandemic has put a huge cost on the economy.
- The Indian economy has become one of the most affected economies globally.
- If the government ignores this, then it is only going to exacerbate the situation in the future.

Fetish for Electoral Politics

Context:

- The article analyses the ongoing election campaigns for the assembly election in Bihar and establishes that people are more cautious regarding their political choices, which will shape their future.

The status of the election campaign in Bihar:

- In the ongoing election in Bihar, the question which becomes important is whether the voters of Bihar deserve an election campaign that is driven by genuine sensitivity towards both material and moral needs.
- It is evident from the election coverage by the media that there is a lack of congruence between the expectations of the voters and the expressions of electoral mobilization used by some of the candidates who are contesting elections.
- The issues raised by the candidates specifically by those from the ruling party appears to be centered on the frequent application of rhetoric such as ‘jungle raj’.
 - The use of this rhetoric has downgraded the language of electoral mobilization to a political fetish.
 - This suggests that refusal of some leaders and candidates to include an element of sensitivity towards the problems of the general public and the promise to address those problems in their speeches.
- Also, the political fetish represents the perception of dominance which depicts the voters are not worthy of the better language of mobilization and they are suitable only for the repeated use of such hollow rhetoric.
- The impact of the [Covid-19](#) crisis has led to enormous human pain and sufferings and millions of migrant workers got severely affected by this pandemic specifically the workers from Bihar.
 - It was expected that the leaders particularly from the ruling front, will express their sympathy towards these workers in their election speeches and will suggest ways to deal with the challenges put forward by the pandemic.
 - Instead of that, the speeches of the important leaders contained criticisms of the opposition rather than sympathy towards the victims of the crisis.
- Using human suffering in the election campaign as a prominent part would have been incorrect in a political sense and embarrassing in a moral sense specifically for those in the position of power.
- On the contrary, the election campaign appears to be full of useless rhetoric and political leaders’ speeches are lacking political sensibility.
- The rhetoric such as “jungle raj” which is used frequently is of no use in suggesting something which is dynamically new at both thinking and acting levels.
 - Such type of language has been used excessively with an objective to encourage the perception of fear among the people of Bihar.
 - Perception is being created that choosing a particular political party will bring back the jungle raj in the state.

Conclusion:

- The question which arises is whether rhetorical languages used by politicians will triumph over the wisdom of voters?
- The rhetorical languages of politicians found no takers among the voters who claimed that they had come to election rallies to watch helicopters instead of listening to political speeches.
- As highlighted by several media outlets, people are raising concerns about diminishing opportunities which is a matter of not only mere survival but also for survival with quality and dignity of life.
- People are more likely to cast their votes on the issues of their basic needs rather than utilitarian objectives.
- Not only people of Bihar but people from other states are also looking for jobs, better education, and healthcare facilities.
- Farmers want to practice agriculture as an occupation which brings them profit and not misery.
- The result of the current assembly election in Bihar will settle the issue between the fetish and the people’s future.

The Future of Work in the Post-COVID-19 World

Context:

- The article analyses the various dimensions of the fourth industrial revolution and discusses how it impacts the nature of work in the post-COVID-19 world.

Background:

- The outbreak of Covid-19 has led to a severe impact on the lives of millions and its major impact can be seen in the economy.
- Various scholars and experts are thinking about potential measures for the recovery of the economy but, as the health crisis is still not over, it is too early to suggest suitable measures.
- However, it is very clear that major changes will occur in the global labour market which was already subjected to various radical changes over the years, and the reasons behind these changes are industrial relocation in Western countries and technological revolution.
- Therefore, what becomes necessary is to assess how this pandemic is going to affect this ongoing transformation.

The case of USA

- The United States is the best example of the constant technological revolution. In the 1950s, the manufacturing sector contributed 35% of the employment in the US and for some of the states, it was more than 50%.
- Over the past 30 years, outsourcing of many manufacturing industries has been done to developing countries with more reduced costs, low level of labour protections, and minimum environmental regulations, among other benefits.
- As a result, the service sector has become dominant in the national economy, contributing 80% to the employment and 77% to the gross domestic product of the country in 2019.
- If we look at the geographical consequences, it has led to the migration of a lot of people to the cities because of the job opportunities.
- It also describes the rising spatial polarization between rural and urban regions in the US and a similar pattern is replicated in the entire Western world.

Fourth Industrial Revolution:

- After the 2008 global economic crisis, there has been a qualitative degradation of employment in Western countries.
 - However, this employment degradation could also anticipate a quantitative fall in employment levels.
 - A new labour scenario is also predicted by some experts which are dominated by fewer and more vulnerable jobs.
- Before the outbreak of the Covid-19 pandemic, it was estimated by the International Labour Organization ([ILO](https://www.ilo.org/)) that 1400 million workers in the world which constitute around 35% of the total workers, worked in vulnerable employment and it is expected that this pandemic will increase this rate.
- Future aspects are unfavorable because of the challenges and advances created by the technologies associated with Artificial Intelligence (AI), Machine Learning (ML), Robotics, and industrial automatization.
- These changes have given rise to the perception that the fourth industrial revolution has arrived.

Impact of Technology Changes

- At this point in time, the role of technology has become a self-contradictory concept. Even if the technology is introduced to help humans, there lies a fear about the effects it is going to create in the labour market.
- The past experiences of the industrial revolutions represent how this concern has always existed.
- Our collective fear is due to the drivers of technological shifts. In the current scenario, the same thing is happening in the case of a technological revolution because we are not clear about whether we are facing a disruptive scenario or not.
- There are various reasons behind the collective fear. The first factor is concerned with the automation of the manufacturing sector as according to the data of ILO, there are 1600 million robots employed by manufacturing industries at the global level.
- It is expected that Covid-19 is likely to increase this process of automation as most of the industries in supply chains will ensure virus free and safe mechanisms.
 - For this, deployments of swarm robots, that is robots linked to each other for coordinated action, present important functional benefits.
- The lockdown imposed around half of the world is also resulting in increasing social inequality because of the distinct effects of the pandemic on different sections.
 - The pandemic has led to a severe social impact which along with the continuing automation and robotization will increase the level of social polarization.
- The technological revolution along with the COVID crisis will change the working culture of white-collar workers. Many silicon valley based companies have already decided to implement work from home policy permanently.
 - This will reduce the cost and travel expenses, and will also avoid geographical restrictions on the hiring of employees with lower salary expectations. For example, Facebook has announced that half of its employees will be working from home permanently by 2030.
 - These changes will affect real estate, transportation, social diversity, etc., and hence will impact urban economies where these companies are located.
- The fourth industrial revolution has gone beyond automation and remote working. A cost-effective management system for school buses in Boston, USA, designed by two doctoral students at the Massachusetts Institute of Technology (MIT) has saved costs up to \$5 million per year.
 - In 2019, A British tour company Thomas Cook collapsed due to the radical transformation of the travel industry and online booking services.
 - Electric self-driving trucks have the potential to disrupt the transport sector and may threaten the jobs of 3.5 million workers in the US only.

Implications for Labour

- The fourth industrial revolution will lead to losses in jobs. However, it will also create new labour opportunities. For example, Amazon has announced 30,000 new jobs only in the US in different domains.
- Nevertheless, this is not always the case. Companies like Uber or Lyft are threatening the jobs of millions of taxi drivers in Europe. European governments are also investigating this issue of employment vulnerability.
- Before the COVID-19 crisis, consulting companies such as PwC and Gartner have asserted that by 2020, AI will lead to the generation of more jobs as compared to the jobs lost due to it.
- What differentiates the current technological revolution from an earlier revolution is that earlier industrial revolutions had threatened blue-collar workers who did repetitive tasks. However, the current revolution is also threatening white-collar workers who do specialized tasks.
- According to Gartner and PwC, job opportunities will grow in healthcare and education and will decline in the manufacturing and transport sectors.
- On the impacts of AI and robotics, the Pew Research Center (PRC) surveyed two groups of experts. One group of experts who were optimistic about AI and robotics argued that the automatization would create new needs and an increase in the demand for new jobs. That is why there is always a

demand for workers in more advanced regions and urban centers. Some also concluded that legal, ethical, political, and social issues will reduce the impact of AI and robotization.

- However, the second group which included tech pessimists argued that job markets were consistently changing and would be unsustainable for most of the workers leading to the destruction of the middle class and the emergence of social precariousness.
- Some experts also predict that robots will replace most of the workforce. This will end the traditional labour structure which will necessitate redefining the term work itself.
- It is expected that the combination of technological revolution and COVID induced economic crisis will reduce the scope for regulated employment. The relationship between employer and employee will be reduced to a minimum. Some see it as good for the labour market. However, some argue that this will lead to insecurity among employees.
- Further, the required skills will change faster, making the available skills of people constantly outdated.
- This may lead to the emergence of an unworking class where people will be devoid of any economic, political, or artistic values. These people are not going to contribute anything to society.

Policy Responses

- Some governments are looking at various approaches to reduce the negative impact. One of the most controversial countermeasures is the [universal basic income \(UBI\)](#).
- Some experts have opined that although UBI could reduce extreme poverty, it will increase inequalities between social classes. UBI will weaken the idea of a welfare state and big corporates will have huge control over the working class.
- Some authors are also optimistic about the future of the labour market. Automation will lead to a fairer economic model, where consumerism will be reduced and there will be lower prices and greater social awareness.

Conclusion:

- The impact of technological revolutions needs to be seen in the context of prevailing uncertainties where much depends on policies being adopted in the coming months.
- After COVID, it is expected that globalization will be more controlled and there will also be deglobalization with companies being relocated to western countries from other parts of the world.
- Although the governments will protect strategic companies, the survival of many others may be threatened. This may provide opportunities for local businesses to grow. All these will determine the level of technological revolution and its impact on the labour market in the future.
- AI and robotics may also disrupt our societies. With a lack of employment and technology replacing most of the human activities, society will become more individualistic. Hence, human fulfillment should be the prime focus of the upcoming industrial revolution.
- Technology will free up space and time and it remains to be seen whether this is making us happier.

On People's Alliance for Gupkar Declaration

Context:

- The article analyses the political scenario in Jammu and Kashmir after the revocation of its special status.

Background:

- Several political parties of Kashmir such as National Conference [NC], Peoples Democratic Party [PDP], People's Conference, Communist Party of India [CPI], Communist Party of India [Marxist], Awami National Conference, and Jammu Kashmir People's Movement have formed an alliance known as People's Alliance for Gupkar Declaration (PAGD).
- The alliance has resolved to fight for the restoration of the special status of J&K through constitutional means.

Gupkar Declaration:

- The Gupkar Declaration was adopted by these six political parties on 4th August 2019, just a day before the changes with respect to J&K was announced in the Parliament.
- The declaration resolved that abrogation of [Article 370](#) and 35A and trifurcation of the state would amount to aggression against the people of Jammu, Kashmir, and Ladakh.
- The six political parties also resolved that they will be united in the fight to restore the earlier status of J&K.
- After the Gupkar Declaration, most of the leaders associated with it were detained. After their release, they again united and adopted the Gupkar Declaration II. They described the center's decision as "grossly unconstitutional".
- They have stated that bifurcation of the state was not acceptable to them and they will fight for the restoration of the special status.
- Against this backdrop, PAGD was formally launched with Farooq Abdullah as its chairperson and Mehbooba Mufti as its deputy chairperson.
- The alliance has also sought to resolve all political issues through dialogue involving all stakeholders.

A new era of politics in J&K:

- The coming together of these six political parties despite their differences from each other shows a desperate bid to gain ground after the dilution of Article 370.
 - What separates these political parties from separatists is their "pro-India," "pro-accession" and, therefore, "pro-special constitutional status" nature.
 - After the revocation of special status, mainstream political parties of J&K have lost their ground and now there is nothing for the mainstream parties to hold on to.
 - They cannot do politics on the plank of governance and development. To regain their lost ground, the only way out is to demand the restoration of the pre-5 August 2019 position of the state.
 - It looks like the restoration is tough because there is no intention to reverse this by the Government of India. The only reversal that it is committed to is the restoration of the status of statehood.
 - The other issue with the Gupkar alliance is with respect to the Jammu region. Can they take the Jammu region along with them? The members of the alliance did express their intention to consult various groups in Kashmir, Jammu, and Ladakh.
 - However, one of the political parties in the alliance remarked that they will hold the national flag only after the state flag is restored, which has created discomfort among many in the Jammu region. This may lead to regional polarisation which can also result in communal polarisation.
-

