



MONTHLY REVIEW

A Monthly Newsletter by Rational Expectations Economics Society (REES) of RTC

All is well that ends well

Phub Gyem and Kuenzang Dorji

The 11th South Asian Economics Students Meet (SAESM) hosted by the Rational Expectations Economics society (REES) of Royal Thimphu College, Bhutan started with great excitement on 24th December 2014. The program had more than 100 participants from all SAARC countries excluding Maldives and lasted for 6 days. This year's theme was on "South Asian Integration: Prospects and Challenges", which was further divided into 6 sub themes. The program was for six days of which 3 days was for academic session which includes different activities like paper presentation, quizzes, talks by eminent personalities, site seeing and town visit were also carried out. It was held in Namgay Heritage in Thimphu.

The SAESM program was great forum for the economic students to write papers on different themes. It allows them to explore the thoughts of students from different country.

It also allows to interact with each other, make new friends and to experience different culture. The program provided all the students with knowledge and place to meet new friends.

The first 3 days were mainly focused on academics where participants had all the competition and a town visit in the middle of the program was kept. Participants enjoyed shopping Bhutanese textiles and handicrafts. The Bhutanese participants also acted as country escorts. They say that all of them were friendly and loving. The next three days were spent in Paro where they were taken to Taktsang and Drugyel dzong. On the night of 27th December all the participants enjoyed as in the camp fire, students performed their own traditional songs and the most exciting part was participants felt empowered when they all sang the song "we shall overcome" for the victims of Peshawar incident in Pakistan.

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"Why does a truck driver with an export consignment from Agartala, Tripura, and Northeastern India make an arduous 1600 km journey to reach Kolkata port, instead of using Bangladesh's Chittagong port, only 200 km away?"
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Closing ceremony at Paro with Professor Kaushik Basu

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Team Bhutan receiving the guests

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The stay in Tashi Namgay resort, Paro was most memorable for the participants as they were left for retreat. They had the best times interacting with each other and were kept to develop better relation among themselves. The participants, both students and faculties enjoyed the three days at Paro.

One of the most interesting things the Bhutanese team noted was of the Afghan female friends. They are not allowed to take off their scarf in public places and it was hard for the country escorts to recognize them as all looked similar. The Bhutanese girls were so curious that they asked them to remove. Surprisingly on the last night the girls were called and showed themselves without scarf. At that time, they really looked beautiful, the Bhutanese girls were noted saying. The Bhutanese boys however didn't see them without scarf. They say it is not allowed for them to show it to boys. Another thing was, they are not allowed to dance in front of their male friends but the Bhutanese girls enjoyed their dance.

The most challenging moment for the Bhutanese team was making presentation and competing with other students. Other presenters from other countries were all excellent presenters and it was really hard for the Bhutanese to compete with them. Bhutanese students have got to do a lot to compete with them. One of the proud moment for the Bhutanese was when their quiz team came out strongly as runners up in an intensely competitive event. They made all of us proud, their friends said. Opportunity to develop friendship bonds other South Asian students was one of the greatest gift of SAESM.

The SAESM 2014 came to an end with key note address by Professor Kaushik Basu, Senior Vice-President and Chief Economist of the World Bank.

Message from the First Budding Economist of RTC

Tshering Wangdi

B.A., Economics and Environmental Studies, 2011 cohort, 2014 graduate



Serving as an Assistant Election Officer in Election Commission of Bhutan under Trashigang Election sector

Economics Society in RTC to my knowledge is a small team of generous and dedicated economics students who works for better understanding of education, relations, team work and self confidence. Member of Economics Society from 2013 to 2014, then the first ever Budding Economist of RTC has simple facts to share. Budding Economist is a winner of extensive competition amongst the participants. First of all, winning is never the goal of all the participants. A cliché "Participation is more important than winning" is must to keep in the minds of all the budding competitors. The simple reason is that you may not become Budding Economist unless you do not participate in the competition. The participation carries you to a new level of self confidence and that is one requirement to possess every time in our life. Budding Economist is the one time opportunity and it is the important achievement. To share, becoming a Budding Economist has aided in the future carrier of mine with lot of experiences gained from the competition. This is one of the prime literary achievements. Being a Budding Economist makes you proud and you will be the only one known for Budding. This makes you a live a step ahead of anyone at the same field. When you say that you are a Budding Economist, they feel proud and you become contended. Satisfaction you pursue is the new door for rest of the opportunities for competition. Therefore, participating and becoming Budding Economist leaves behind legacy that makes you remembered to next cohorts.

Good luck participants and congratulations to 2nd Budding Economist of RTC.

Message from Sanjay Kathuria, Lead Economist in the World Bank's Regional Integration and Cooperation (SACRI) program to SAESM participants

Dear SAESM 2014 participants,

It's my pleasure to welcome you virtually to the South Asia Economic Students Meet (SAESM) as it enters its 11th year. I am Sanjay Kathuria, Lead Economist in the World Bank's Regional Integration and Cooperation (SACRI) program. I would like to share with you some of my thoughts on regional integration, the theme of this year's SAESM. Later, on December 25th, Salman Zaheer, Director of SACRI, will speak to you in person.

Why does a truck driver with an export consignment from Agartala, Tripura, and Northeastern India make an arduous 1600 km journey to reach Kolkata port, instead of using Bangladesh's Chittagong port, only 200 km away? Why does an exporter from Ludhiana in Punjab, India, export to Punjab, Pakistan, via Dubai? Simply because current rules in South Asia do not permit the more efficient alternatives. More generally, it costs more for South Asian countries to trade with each other than with Brazil! According to estimates, annual intra-regional trade in South Asia can easily increase from the current \$28 billion to \$70 billion annually, if barriers to trading with neighbors were to be eliminated.

Nepali and Pakistani students would know all about the difficulties arising from long hours of load-shedding, but this problem is chronic across the whole region. Yet, only 20 percent of South Asia's hydropower potential is realized. If the hydro potential of Nepal, Northeast India, Afghanistan and Pakistan is better utilized and shared within the region, it can help alleviate energy shortages and high energy costs, and create jobs for youth and small scale industries.

South Asia is an incredibly dynamic region but poor region. With 1.7 billion people in eight countries, economic growth at 7.1% over the last decade, and the youngest population in the world, South Asia has very bright prospects. At the same time, 42 percent of the region's population is poor, and more than 12 million young people will enter the labor force each year. South Asian countries need to undertake creative strategies to further accelerate their growth and provide enough jobs for the growing number of young job-seekers. Regional economic cooperation, a vastly underused development strategy in South Asia so far, will need to play a very important role if the region is to capitalize on its full potential.

Imagine a combined market of 1.7 billion people! Imagine countries such as Afghanistan becoming land-bridges instead of being land-locked. Visualize India-Pakistan trade to be at least 10 times the current value! Imagine the region eliminating energy shortages and creating millions of new jobs every year. All this can be achieved through greater regional cooperation.

The World Bank Group, on its part, is partnering with countries in the region to boost regional cooperation in areas such as trade, energy, and the environment. We are investing \$100 million in widening and strengthening 91km of roads in India's isolated Mizoram state to enhance its connectivity with the rest of India, Bangladesh and Myanmar. We are supporting the government of Bangladesh, Nepal, and Bhutan to build shared capacity to protect wildlife and sustain their eco-systems. We are supporting the Kyrgyz Republic and Tajikistan to transmit 1300 MW of excess summer hydropower energy to Afghanistan and Pakistan. Above all, we continue to explore new projects and also undertake critical economic analysis to pave the way for a more favorable environment for regional cooperation.

I invite you to bring your fresh minds, unencumbered by historical baggage, to bear on the vital topic of regional economic cooperation in South Asia. I know you are all very bright, having made your way through the competitive selection process for SAESM. You can get started by visiting our site and comment on our blogs. As you prepare to depart for Bhutan, please tweet your itinerary (we are interested in knowing the route and how long it took you to reach Bhutan) by using hashtag #2SAESM. During the Meet, if you have any ideas, opinions or a picture with your new friends you'd like to share with me, please tweet me @Sanjay_1818 and use hashtag #SAESM. I am sure SAESM 2014 will be a very rewarding experience for you.

Delilah Liu from our Communications team in Washington will be in Bhutan, not only as part of the organizing team but also to share in your exciting journey.

I wish you all a wonderful stay in Bhutan.

With my very best wishes

Ethics, Politics and Economics

Sanjeev Mehta
Professor
Royal Thimphu College

Questions regarding ethics, politics and economics are interrelated and create interface between participation, democracy and market. When the governments start thinking about liberalising the economy, major issue in the debate is role of ethics in the free play of market forces. In Bhutan, this issue is always seen at the core of polity. The overriding factor at the efforts to promote private sector has always been the morality of the market which may take the society away from the desired values needed to promote collective happiness. The desire to protect the ethical values and the need to promote the capacity of the private sector takes divergent route. This dilemma is clearly witnessed in the manner which policies are made. The private sector is looked upon at with suspicion for its intentions.

This dilemma is not new and every society at any point of time has faced this. There are differences of opinions in the mainstream of arguments. The main promoters of laissez faire – Adam Smith and David Hume saw a link between them and recognised benevolence as the primary moral value. Smith also recognised that although market economies which strive for the creation of wealth are not governed by moral values, but, they still promote the virtues of hard work, prudence and self reliance. Market lacks altruism but it promotes general prosperity through linkage effects that result into mutual coexistence. The market cannot be completely made compatible with the values of sociability, sympathy and justice. Philosophers of Scottish enlightenment believed that the private vices leads to public virtues, where as virtuous behaviour does little to promote public benefits. Bernard de Mandeville in his “Fables of Bees” deftly outlined how the vices like luxury, greed, envy etc. lead to public benefit by encouraging enterprise. He conveyed this in a poetic way -

“The root of evil, avarice, the damn’d ill-natured baneful vice,
Was slave to prodigality,
The noble sin; whilst luxury employ’d a million of the poor,
And odious pride a million more,
Envy it self and vanity were ministers of industry.”

It should be clearly known to everyone that moral values and value judgments are social constructs and anything that gives pleasure is a virtue and what gives pain is a vice. For this reason, the state should not bother itself by the corruption of morals by the market as the private moral judgment evolves with it. The market is neither moral nor immoral, it is amoral.

What should be the role of the government in this setup? The value judgment calls for greatest goods for greatest numbers. How a government should address the trade off between the objectives of promoting the private sector (the market) and promoting ethics is a crucial link to the good governance. Good governance promotes opulence through natural liberty by establishing laws of justice that guarantees free exchange, honour contractual agreements and promotes peaceful competition. The improvement of morality should be left to non government institutions.

It is generally counter productive for the state to legislate morality as it comes with great cost of stifling the natural spirit of enterprise. The politicians and the bureaucrats should act as plutonic guardians when it comes to the matters of market. A role of plutonic guardian does not necessarily rules out the scope of public intervention to strengthen the domestic market by providing some protection to the foreign industries. Even Mandeville argued for government intervention for expanding the benefits to the society. He remarked- "private Vices by the dextrous Management of a skilled Politician may be turned into publick benefits"(sic).

The politicians should realise that any attempt to control the functioning of the market in order to impose its value judgment is bound to go against what Weber calls protestant ethics. It acts as a hindrance to entrepreneurship. At present, the private sector is treated with contempt as one which is solely interested in profit. Profit making intention is a big bad word for managers of the state. Once Mahathir Mohammad, a former Prime Minister of Malaysia commented that bureaucrats should realise that businessmen are there to make profit and they get their pay only because of the efforts made by the these entrepreneur. A change of attitude and a clear mindset of the state is a necessary pre requisite for any effort to develop the capacity of the market mechanism.

Economics Society Elects their leaders

Pema Choden, ECO & EVS, 1st Year

On the 31st of March 2015, we the economic society of Royal Thimphu College held its first meeting to 2015 after a long break of three months. It was wonderful to meet all the economic students from various years. Professor Sanjeev Metha welcomed all with a warm cup of tea. After the welcome speech given by professor Sanjeev Metha, our president Chencho Dorji of final year made announcement for appointment of new president and administrative for the following years. Through fair elections, Kaka Choden of the 2nd year got elected as president and Pema Choden 1st year as secretary. Kinley Zangmo 1st year and Rinchen Zangmo 2nd year were elected as treasures of the society. We also decided to publish a monthly report on activities being held within the economic society.

Economics Society Students Wins Award at SAESM 2014

Pema Chogyal, ECO & EVS 3rd Year



The SAESM 2014 would not have been possible without constant hard work and initiative from Professor Sanjev Metha and Madam Sonal Metha. Therefore we would like to give our heartfelt gratitude and appreciation for their hard work and time.

Organizing SAESM 2014 was most appealing, knowledgeable and experience giving work. Among many academic competitions the quiz competition was one the most interesting and competitive session, in which there were about 7 teams competing each other. The competition was really tough and we came to know that all the students are so brilliant. But team from Bhutan tried their level best that is why team Bhutan stood second runners up, which proved that the students from Bhutan are equally brilliant as students from other countries in South Asia.

My thoughts on Economics Society.

Chencho Dorji, President, ECO & EVS 3rd Year

It has been more than two years running economics society. For the first time when Professor Sanjeev Mehta told us about forming the society every student were interested to join the group and with their enthusiasm today Economics Society is one of the biggest clubs at RTC.

Being the secretary for one year and the President for one year I have experienced lots of knowledge which I cannot describe. The main motive of economics society is to bring all the students of economics under an umbrella and its membership is open to all the students with economics background. When I came to this college for the first time I hardly knew my seniors. We had never interacted. Today I know my juniors very well and we interact with each other through knowledge sharing. This is because of economics society. Thanks to Economics Society.

Economics society not only provides its members with social interaction but it helps in learning extra knowledge through organizing various academic events such as international conference, guest lecture series and the budding economist competition. Beside academic events it also provides various opportunities to its member to have managerial knowledge by participating as executive members through votes.

Last year we had organized the 10th South Asian Economics Students Meet. Almost students and faculty from South Asian countries attended the meeting except Maldives. Economics society had achieved a lot and it's going to expand further. Being the founding member and the President of the society I would like to share some of my experienced by joining the society. I gained lots of knowledge through the lecture series and conference organized by the society, I came to know the importance of group and working as a team, i gained managerial knowledge and the quality of a leader. Furthermore it gave me the chance to go abroad and compete with the students from different countries.

During my two and half years of stay with Economics society I gained a lot of knowledge which will help in my future. Lastly I end up here by saying; together we can change the word impossible to possible. Thank you Economics Society.

Thank you partners!

Rational Expectation Economics Society (REES) is hugely indebted to its partners especially the QED, which has been magnanimous to provide financial and logistical support to our efforts. Similarly, the SAESM 2014 was only possible because of unflinching faith and support by the World Bank.

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