



..... of earlier that day
-Purna Bdr Subba
1st year

Fair is the day with utter youngish
Fitted with never a loom of cloud
Inspiring wind is in the torrent
upon thou,
Ghostly galleon tossed upon the
cloudy seas

Love to be in green and vast
Out on the tranquil moor
Flank around thee, the flowers
bloom
Oh! Come and see, every nature
smiles to thou

Unfolds an archetypal
Of hope and ecstasy on each petal
Listen! Thee hear the buzzing bees
Circumvallating and giving an
eternal kiss

Convince thy new life
As each bud grows on
Amazing flowers and greenness
christened,
Resolutely with eternal exist

Ah! Spring is gone, autumn set in,
Fitfully beauty taken along away
The hope, Zest of every petal, every
buzzers

Wish every blooms never wither
Every beauty, every greenness,
every joy
Unlike every hope fade in vain in
neighborhood of second
As we are, so are every matters,
for only once....



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Know an Economist:

Sir Richard Stone

Born in 1913, Sir Richard Stone, a British economist, was awarded Nobel Prize in Economics in 1984 for developing national income accounting model. Sometimes he is known as the father of national income accounting.

Although he was a lawyer by training, John Maynard Keynes recognised his true potential and influenced him to take a degree in economics. Later, at the invitation of Keynes, he entered the British government's Central Statistical Office. He was appointed as director of the new department of applied economics at Cambridge. By the end of the 1950s, Stone deemed it a good idea to bring together various studies that were in progress at the department and build up an econometric model for the British economy. This marked the beginning of the 'Cambridge Growth Project'. In 1962, Stone and Alan Brown published the opening volume of a famous series "A Program for Growth".

He developed the first concrete methodological models to measure investment, government spending, and consumption; these models resulted in what was, in essence, a national bookkeeping system. He went on to modify his models for international organizations such as the United Nations. He coauthored along with J.E. Meade, *National Income and Expenditure* and also authored several other work-*Input-Output and National Accounts* (1961), *Mathematics in the Social Sciences and Other Essays* (1966), and *Mathematical Models of the Economy and Other Essays* (1970). British government recognized his contributions and knighted him in 1978. Sir Stone died in 1991.

-Sanjeev Mehta

Professor of Economics



Debt Crisis of Greece

- Sunil Rai and Tshering Tobden
2nd year

The euro zone is officially termed as the euro area which is a monetary union of 19 of the 28 European Union (EU) member states which have adopted the euro (€) as their common currency. The euro was first introduced in 1999, the euro area was made up of

11 of the then 15 EU Member States and Greece joined in 2001 (European Commission, NA). The beginning years of 2010 was a year making Euro zone into a serious debt crisis. Several governments under the euro zone mainly Greece, Ireland and Portugal have defaulted on their debt towards other European countries and the IMF (Congressional Research Service, 2011). This crisis is likely to develop huge negative impact on Italy and Spain, which are the third and fourth largest economies in the euro zone respectively. It has also built the problems among EU members about international economy integration.

Since Greece has been at the center of the euro zone debt crisis. The Greek government has been suffering high default of more than the €300 billion (\$413.6 billion), is bigger than the country's economy and took three bailouts to recover their economy (Congressional Research Service, 2011). However the current prime minister of Greece, Alexis Tsipras is at the demand of more loans to recover their markets and refund borrowed liquidity, with a policy of Austerity which has also been rejected by the public (Mejia, 2015). Hence lack of access to new funds can severely put the Greece economy into troubles.

The one of the reason for the Greek people into the debt pressure was government borrowed billions of Euros in order to pay for things like such as the 2004 Olympic Games and higher salaries for the country's public sector workforce which later caused the 2008 financial crisis (Chan, 2015). The other can be the Bankruptcy of Lehman Brothers which then also started the global financial crisis (Mejia, 2015). Starting in 2009, the new government led by PM Georg Papandreou revealed the estimation of national public debt which increased from 106% of GDP 2006 to 126% of GDP in 2009 and unemployment rose more than 25 percent. This could be a reason for unrestrained spending made, cheap lending and failure to implement financial reforms by the government (Congressional Research Service, 2011). Later when the year approached to 2010, the nation dramatically faced corruption. Greece was the most corrupt county in the European Union, followed by Bulgaria and Romania (2011, New York's time).

During the when Greece again veered towards default severely than past years, the second crisis responded on summer of 2011. The Greek government didn't have clear path to strikeout their default and rather paved its way into deeper crisis.

- Greece debt crisis : A history of just how the country landed itself in such a mess **reterived on 25th july 2015**

from <http://www.vanguardjournal.com/money/the-greek-debt-crisis-explained/>.

1. RIDDLE

A) What has a tongue, cannot walk, but gets around a lot

B) What invention lets you look right through a wall?

C) What has feet and legs and nothing else?

D) What has many keys but can't even open a single door?

E) What has only two words but thousand of letters?

F) What has two heads, four eyes, six legs and a tail?

G) What is gray, has a tail and a trunk?

H) What is half of $2+2$?

* Anyone can mail the answer or wait until the next issue.

Lighter sides of Economics

Economics is only field of knowledge in which two people can get a Nobel Prize for saying opposite things. Amazed, but this is not enough, the best is- Economics is the only field in which two people can share Nobel Prize for saying opposite things (Myrdal and Hayek shared one).

TOP 10 REASONS TO STUDY ECONOMICS

1. Economists are armed and dangerous: **"Watch out for our invisible hands."**
2. Economists can supply it on demand.
3. You can talk about money without ever having to make any.
4. You get to say **"trickle down"** with a straight face.
5. Mick Jagger and Arnold Schwarzenegger both studied economics and look how they turned out.
6. When you are in the unemployment line, at least you will know why you are there.
7. If you rearrange the letters in **"ECONOMICS"**, you get **"COMIC NOSE"**.
8. Although ethics teaches that virtue is its own reward, in economics we get taught that reward is its own virtue.
9. When you get drunk, you can tell everyone that you are just researching the law of diminishing marginal utility.
10. If you are confused you will gain on it.

Kenneth Boulding once remarked – **"Economics has gotten so rigorous we've all got rigor mortis."**

A possible correction to this- *"Mathematics brought rigor to Economics, unfortunately, it also brought mortis."*

Only those who are confident laugh at themselves

BRIEF INTERVIEWS WITH THE FIRST YEAR STUDENTS

- Tshering Buthri
Second year

1. Why did you choose RTC?

"I choose RTC because I got government scholarship and it is also one of the best college in Bhutan with good facilities".

- Meganath Adhikari

2. What is your first impression about this college?

Tandin Zam- "I was delighted to see the campus and its supporting facilities. I was overwhelmed by the course that I chose as it very challenging. I think it a right choice to be at RTC .

3. Why did you choose this particular course of all?

Meganath Adhikari - "My field of interest is in economics and environment and coincidentally RTC too provide this course"

Thinking Like an Economist

Economics occupies a special place in the field of enquiry. Every student of economics should think and act in a manner that qualify them to be called as an economist. One of the major objectives of reputed undergraduate courses in economics is to prepare students to think like an economist. It is imperative that we know what does it mean. By now, it must be quite clear to the readers that this type of thinking is unique and has distinctive features. In the following paragraphs I will discuss the key components of this line of thinking.

One of the core components of this thinking is to have unflinching faith on rational behavior. For economists, rational behavior means an act driven by the desire to pursue self-interest, in whatever ways it is defined. Self-interest orientation is referred to as maximizing or optimizing behavior. Adherence to this belief does not refrain us from evaluating alternatives, in fact, it promotes this. One need to understand that maximizing behavior requires critical analysis of the alternatives actions, or decisions, so that the best possible act or decision is chosen. Rational decision making is a critical component of this line of thinking. When you spend a Ngultrum, or, your time, you should explore all the possible uses that you can allocate these resource, evaluate all the alternatives and make the most beneficial decision. The final outcome may not be perfect but it would be better than all the alternative outcomes. For example, when you miss your class even after paying for it (may be through the nose of your parents), will not qualify you to be a worthy student of economics or even a rational human being. Economists should be able to identify inherent trade-offs in attaining different objectives.

When faced with trade-offs, economists should be able to determine the extent to which negative impact can be minimized. Let me illustrate this using a narrative. Suppose, X decides to cheat in the examination.

If X is a rational human being, he/she should be able to know the trade-off— at being caught, cheating results into termination and if not caught the gain would be not more than additional 5% marks (based on wider experience). While making a decision to cheat, X should consider the trade-off and only if possible gains exceed possible losses a favourable decision should be made.

Thinking like an economist requires deliberative thinking. Deliberative thinking is effortful, time consuming and complex and because of this, usually people avoid such thinking and opt for automatic thinking. Automatic thinking is intuitive and goes with easier default options. Deviation from deliberative thinking leads to undesirable outcomes. Economists often think using models. Economists need to analyze decisions of different players and the impact of these decisions both at micro and macro levels. This may not be an easy thing to do. Real economy functions in a highly complex and interdependent psychological, political, social and institutional processes and factors and we often do not have clue about many of them. To better understand this complex system, we make simplified versions of real economy by taking into account few manageable processes and factors. These simplified versions are called econometric models. Economists use econometric models as analytical tools to expound functioning of the real economy. Use of sophisticated econometric tools calls for strong mathematical orientation. In this context, economists also thinks like mathematicians, but, this type of thinking is not abstract.

Thinking like economists requires creative and logical thinking. Economists should constantly observe the things happening around them, identify issues and problems, work to provide solutions to these issues and problems. Logical thinking requires deconstruction a problem and fit all the scattered pieces of information together to make sense out of it. Economist should reflect problem solving skills, solution seeking approach and logical thinking. Initially, we start with observing problems of smaller magnitude and seek solution to these problems by simulating logical analysis of the problem. Over the period of time we fine tune these skills and start finding solution to major issues facing the humanity. Thinking like an economist makes us socially relevant scientist.

Economists also appreciate and accept contradictions and alternative positions. They should understand that no single position is the best one and there is always a scope for improvement. Constant search for a new and better equilibrium is a defining characteristic of thinking like an economist. There is an adage - if there are 12 economists, there are 13 opinions.

- Sanjeev Mehta,
Professor of Economics

Joke

A walking economy

A psychologist is walking with his friend.

Psychologist- "I'm a walking economy."

Friend- "How?"

Psychologist- "My hair line is in recession, my stomach is a victim of inflation, and both of these together are putting me into a deep depression!"

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