

NEWS WRAP

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Even though world trade has quadrupled since 1982, the exponential growth now appears to be another component of the biggest credit bubble, which is presently bursting. A new era of de-globalization is drying up world economies, and bringing international trade to a halt. Bustling international ports are increasingly resembling maritime parking lots. Economic globalization that altered the lives of millions is facing a down-slide through financial retrenchment and resurgent economic nationalism. While the world remains interconnected as ever through telecommunications, the arts, culture and the internet, in the first half of 2009, port traffic has fallen by double digits in Norfolk, Long Beach, Savannah, Pusan, Hong Kong and Bremerhaven. From London to Singapore, air hubs are suffering a sharp reversal of fortune, in contrast to the earlier phase of soaring traffic as the world becomes more linked through business, investment and trade. The first quarter of 2009, witnessed global airline passenger traffic falling about 5.6% and air cargo declining 23.2%.

Singapore was the centre of unprecedented global mobility to goods, services, investment and labour. With world trade falling for the first time since 1982, Singapore port is not saddled with rows of idled freighters from Asia, Europe, the United States, South America, Africa and the Middle East, out stretched for miles along the coast. As the Singapore economy suffers the worst of the recessions in south-east Asia, thousands of foreign workers, including graduates from London School of Economics with six digit salaries, and poor Bangladeshi factory workers, are returning home. The new flow of reverse migration away from hard-hit globalized economies surrounds epicentres like Singapore, Dubai and Britain. In the first quarter of 2009, Singapore's exports fell by 35%, resembling much of the rest of Asia. The earlier export boom was tied to a credit-fuelled buying spree in USA, that has terminated abruptly. With the years of long depression for future exports, is a rising tide of trade protectionism in South Asian countries, like Indonesia.

With exports crashing and factories shutting from China to eastern Europe, the World Bank estimates at least 53 million more people in poverty, in the developing economies, during 2009. The flight of dollars from emerging markets is severely affecting migrants and foreign contract workers. As the recession causes job losses, Malaysia is expelling 100,000 Indonesians, as part of a new scheme to safeguard Malaysian workers. Thousands of east European immigrants, unable to find work, are returning home from Britain. There have been nationwide strikes in Britain, protesting the hiring of foreigners at the large refineries. Remittances from foreign workers are sharply declining from Latin America to Central Asia. For the first time since 1992, the UN World Food Program rushed in emergency food aid in Nov 08 to Kyrgyzstan, which relies on remittances for 27% of its gross domestic product. The drop in foreign remittances has been significantly sharp in Kyrgyzstan. The short term debt may surpass swindling reserves in South Korea by end 2009, as investors are pulling away from South Korea. A \$31 billion rescue package for eastern Europe has been

announced by multilateral lenders, which is far short of the requirements of credit-starved banks and companies.

Bailouts and Nationalization, introduced by western governments are helping banks and multinationals that earlier propelled globalization throughout the developing world. But policies are being confined to the home countries for job creation and investment. The French President Nicolas Sarkozy's offer of \$5 billion lifeline to French automakers was accompanied with demands for use of only French made parts and relocation of French factories in eastern Europe back to France. The US President Obama's 2010 budget tightens taxation on US companies with operations overseas, which limit incentives for overseas business. Bailed out nationalized banks in Britain have instructions to offer loans to Britons first. Argentine and Brazil have increased tariffs on wine, leather and wooden furniture. Subsidies on dairy products including butter and milk, have been re-introduced in Europe.

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In May 08, the then Vasundhara Raje state government of Rajasthan had purchased over 2000 bicycles for class X girl students, of Government Higher Secondary School in Alwar (Rajasthan), under the Sarva Shiksha Abhijan. The girl students had deposited Rs 300 only per applicant, with the state government in May 08. The conduct of politicians and the Election Commission's Model Code has resulted over 2000 bicycles stacked against each other in the playground of the school. The Congress party viewed the original orange colour of the bicycles as too close to the BJP party's saffron. The newly installed Congress government in Rajasthan had confiscated the 2000 orange bicycles, along with hundreds of other bicycles, with the purpose of repainting orange to black. The seized cycles were despatched to the manufacturing Atlas factory in Alwar. By the time the cycles were returned painted black, the Election Commission's code of conduct for the Lok Sabha elections set in. Distribution of the repainted bikes commenced after conclusion of the Lok Sabha elections.□□□