

THRIFT

Dear Readers,

Welcome to another thought-provoking edition of the "Thrift" as we go on an intricate journey to explore the changes in our economy and society. Each article presents a compelling transformational arc, guiding readers through the evolution of diverse economic landscapes.

From deciphering the changing dynamics of neoliberalism to the commercialization of cultural heritage, each transformational story serves as a lens through which we understand the profound interplay between economic forces and human aspirations.

As we navigate these transformative currents, we are reminded that the world of economics is not a static realm but a canvas upon which societies paint their progress. I trust that you'll derive valuable insights from this issue, as it presents pearls of wisdom intertwined with dashes of humour. In the meanwhile, we shall stay committed to our ongoing effort to bring you interesting content in the days ahead.

Happy reading!
Editor-in-Chief
Vaaruni Swaroop

“The difficulty lies not so much in developing new ideas as in escaping from old ones.”

~John Maynard Keynes

Stakeholder capitalism;
Dubai's economic boom

paradox of big fat indian weddings;
queer fempreneurs; neoliberalism

Jio's revolution; taylor swift
tour; whats that word; book
review



FROM OPPOSITION TO OPPORTUNITY:

The Stakeholder Capitalism : Striking a Balance Amidst Backlash

Stakeholder capitalism, a concept that pushes firms to consider all stakeholders' interests, has received a lot of attention in recent years. It emphasises the necessity of not only maximising shareholder wealth but also considering employee, consumer, community, and environmental well-being. This strategy, however, has been met with growing pushback from opponents who highlight serious concerns.

One of the major concerns about stakeholder capitalism is the prospect of shareholder value being diminished. According to critics, prioritising various stakeholders may distract resources away from maximising earnings for shareholders. Thereby, balancing stakeholders is crucial for firm stability and driving economic growth.



Another significant cause of the reaction is the difficulty in defining and executing stakeholder capitalism in practice. Critics contend that without explicit criteria and measures, the notion becomes ambiguous and vulnerable to abuse. As a proponent of stakeholder capitalism, I believe that solid frameworks and measurement tools are critical for maintaining accountability and avoiding superficial attempts to appease stakeholders.

Furthermore, critics argue that stakeholder capitalism may be exploited for political gain. Firms must acknowledge challenges and implement restrictions to avoid undue influence. It should maintain a focus on ethical corporate practices and genuine efforts to benefit all stakeholders. Balancing openness and accountability can drive positive change in the corporate sector.

Lastly, opposition to stakeholder capitalism should be taken seriously since it raises genuine concerns. Striking a balance between stakeholder interests and shareholder value is crucial, as is offering clear frameworks and assessment tools. When used effectively, stakeholder capitalism, in my opinion, has the potential to create a more inclusive and sustainable corporate climate that benefits both shareholders and society as a whole.

-Pearl Suchdeva (PRE SC-B)

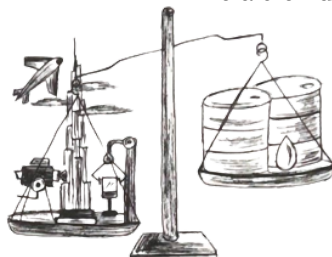
FROM OIL TO INNOVATION

Dubai's Economic Progress

From a desert oasis with a humble infrastructure half a century ago, Dubai now boasts cutting-edge technology and infrastructure design, termed "The City of Man-Made Wonders". In recent times, Dubai's economy has become a fascinating subject of study.

Dubai's economy transformed from being oil-dependent to becoming dynamic after the formation of the UAE in the 1970s. With a focus on non-renewable energy sources, less than 1% of its GDP relies on oil, unlike the other Emirates.

Dubai prioritized foreign investments, trade, and infrastructure as the backbone of the economy, enhancing other sectors and promoting economic sustainability. Tourism accounts for 20% of GDP, and the technology sector has made Dubai an international tech hub.



However, it has not been without its challenges. Dubai faced difficulties in 2015, including a collapsed real estate market and rising unemployment rates. The 2008 global financial crisis and the issue of national debt had a significant impact on the economy, leading to a slowdown in economic growth.

The UAE government worked on its ten year programme and announced its "We the UAE 2031" vision in 2022, with the aim of doubling GDP, achieving 75% clean energy by 2050, and becoming a leading global financial center.

Potentially, Dubai too could have been another boat trying to navigate and find a future in the ocean of oil, but it turned towards strategy and vision to develop into one of the fastest growing sustainable economies of the world.

-Vanshi Agrawal (PRE SC-C)

From Culture to Consumerism

Understanding the Paradox of Big Fat Indian Weddings

In the realm of ostentatious Indian weddings, a paradox emerges, intertwining the grandeur of the celebration with the complex web of economic implications. These opulent affairs, renowned for their lavishness and elegance, create a captivating contradiction as they showcase both the splendour of festivities and the intricate financial dynamics that lie beneath the surface.

These grandiose galas are a goldmine for various industries, from wedding planners to fashion designers and caterers. India is the world's second-largest consumer of metal, with wedding jewellery accounting for 60% of this demand. When you can fuel excessive spending and consumerism, who needs financial responsibility? Let's not forget the tourism sector, which is cashing in on destination weddings due to influential celebrities. Due to this, 'wedding tourism' has emerged as a new source of revenue for the government, accounting for 5% of the GDP by 2023.

Despite the cycle of debt caused by emulating opulent weddings, families endure heavy financial burdens to maintain extravagance. For the sake of outperforming friends and relatives, competitive wedding spending has bankrupted many middle-class families. If a family refuses to spend enormous sums of money on weddings, they are often seen as social outcasts.

While some of the guests would be busy counting the number of items on the menu, 180 million people remain undernourished in the same country. South Asian weddings have been labelled as “the most visible site of conspicuous consumption and conspicuous waste.” Ultimately, the paradox of the big fat Indian wedding serves as a reminder of the multifaceted nature of these ceremonies, highlighting the complexities that accompany such a grand celebration of love.

-Aarushi Jain (PRE SC-B), Palak Arora (PRE SC-B)



FEMPRENEURS

Angelina, a Filipino woman, launched 'Passion Planner' in 2013, which aims to assist individuals in prioritizing their dreams through a blend of creativity and introspection.

In addition to co-founding Black Lives Matter, Garza is the director of the Black Futures Lab, a think tank that engages Black communities.

Angelina Trinidad Alicia Garza



DECODING THE C

LISA GOT HER CREDIT CARD



THE IMPACT OF CREDIT ON BORROWING



DEBT CONSOLIDATION



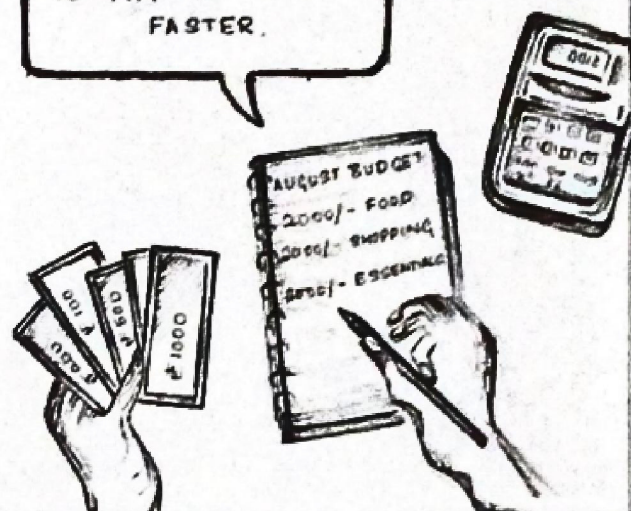
HOW TO RESPONSIBLY USE A CREDIT CARD



CREDIT CONUNDRUM

MANAGING DEBTS

I'LL SET ASIDE A PORTION OF MY INCOME TO PAY OFF DEBTS FASTER.



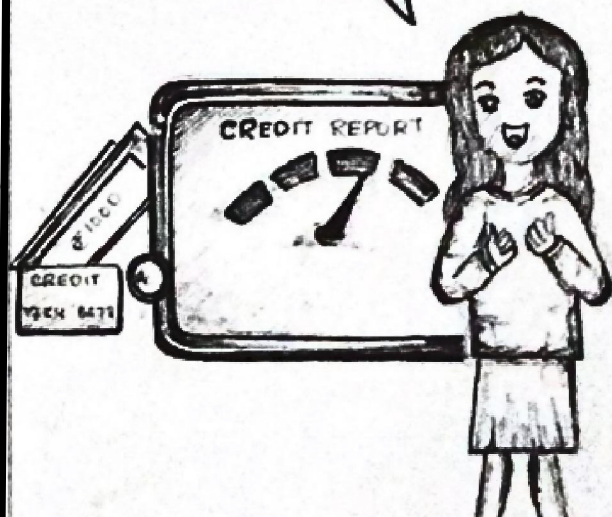
STRATEGISING REPAYMENT

THE SNOWBALL METHOD FOCUSES ON PAYING OFF SMALLER DEBTS FIRST WHILE THE AVALANCHE METHOD TARGETS DEBTS WITH THE HIGHEST INTEREST RATES



MONITORING CREDIT REPORTS

I'LL ANALYZE MY CREDIT SUPPORT FOR ERRORS AND IDENTIFY THEFT



CREDIT TRIUMPH - LISA'S JOURNEY TO FINANCIAL FREEDOM

MANAGING DEBT RESPONSIBILITY MEANS PAYING IT OFF



FROM PROSPERITY TO POLARISATION

Neoliberalism's Changing Dynamics

Neoliberalism in layman's language means placing corporations above the nation. It is a modified concept of free market capitalism (laissez-faire) with an immense focus on globalisation. Privatisation of public sectors, lowering of income and corporate taxes and deregulation of the corporate sector, all come under neoliberal policies.

Neoliberalism, rooted in liberalism, emerged from Austrian economist Friedrich Hayek's light bulb moment. When the unstable economic cycle began to anticipate stagflation, Neoliberalism emerged as an alternative. President Ronald Reagan of the United States and Prime Minister Margaret Thatcher of the United Kingdom were among the first to apply this idea to their actions.

Neoliberalism has subsequently forged its way into global economics. While the Soviet Union disintegrated, Russia adopted these policies; while India's economy was collapsing, finance minister Manmohan Singh introduced neoliberalism into Indian policy; and during the Greek debt crisis, the European Union urged that Greece adopt such policies as well. This concept achieved widespread acceptance and trust but did not survive long.

Officials started condemning Neoliberalism for its widespread techniques during the 2007-2008 economic crisis. The rich-poor divide widened as a result of Neoliberal economic policies. The rogue elite were winning. In reality, they were the only ones who triumphed. The impoverished were being taken advantage of. The elite seemed to be dragging the economy along with them. Indeed, corporations had overtopped the nation. Economists recognised this, and Neoliberalism began to lose its essence and crumble.

Neoliberalism had a number of benefits but in today's economic scenario, the cons usually outweigh the pros. Even though the next variant of capitalism is already being controlled by rogue elites, it is important for steps to be taken. Globalisation is crucial, but anything in excess is unhealthy. Who, after all, wants an unhealthy economy?

-Tejaswani Gupta (SC-B)



FROM DISRUPTION TO DOMINANCE:

The Jio Revolution Unveiled

Mukesh Ambani's Jio revolutionised the Indian communication industry with its disruptive pricing strategies and irresistible data plans. As soon as Jio launched in 2016, it quickly racked up 100 million subscribers, an unprecedented feat in the industry. While some praise Ambani as a visionary, others criticise his tactics, suggesting a meticulously orchestrated plan to monopolise the market.

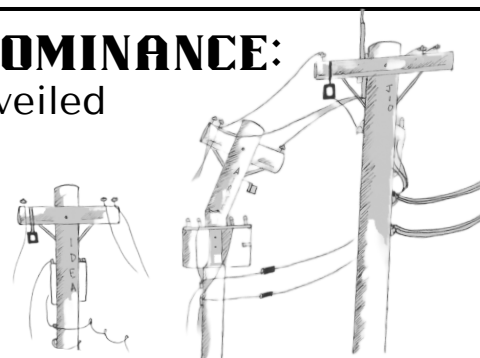
Jio's initial offer of free voice calls and cheap data packages appealed to cost-conscious Indian consumers, driving its meteoric rise. However, beneath the surface, Ambani's intentions were far from altruistic. Initially, free services captured an audience that Ambani later monetized through gradual tariff introductions, securing Jio's sustainable profitability.

Within three years, Jio's subscriber base exceeded 370 million users, accounting for over 30% of India's wireless subscriber market. This rapid growth disrupted the status quo, leaving established players scrambling to protect their market share. Ambani's strategic goal was to wield monopolistic power over the Indian communication landscape, and he executed his plan with finesse.

Ambani's massive financial resources enabled him to sustain substantial losses initially, effectively pushing smaller players out. Competitors struggled to compete with Jio's overwhelming financial strength, leading to a decline in their market standing. Leaders in the sector like Bharti Airtel saw a sharp decrease in quarterly profits, while debt-ridden Vodafone Idea was forced to merge in order to survive.

Jio's impact on internet penetration and data consumption has made India one of the largest digital markets globally and propelled the country into the digital era, creating a more connected future. Through disruptive pricing, robust network infrastructure and an extensive digital ecosystem, Ambani has forever altered the dynamics of the Indian telecom sector, solidifying Jio's position as a dominant player.

-Naija Mehra , Arushree Kashyap (PRE SC-C)



FROM FANS TO FORTUNE

How Taylor Swift's Tour Drives Economic Growth

"one for the money, two for the show"

Taylor Swift's 'Eras' tour has proven to be a force to reckon with, not just in the realm of music but also in terms of its remarkable impact on economies worldwide. As devoted fans, known as Swifties, spare no expense to make their concert experience unforgettable, local businesses, employment rates, tourism, and infrastructure development all reap the benefits.

Taylor Swift's Eras tour could generate \$4.6 billion for local economies in the US. Swifties spend an average of \$1,300 on tickets, travel, and outfits, supporting local businesses like venues, hotels, restaurants, and transportation services. This surge in spending has bolstered cities like Chicago, with record-breaking hotel occupancy rates of 96.8%.

Taylor Swift's concert in Las Vegas is a testament to the significant influence these events have on tourism. Reports indicate that her performance single-handedly revived tourism levels to pre-pandemic standards, underscoring the pivotal role that music tours play in attracting visitors. With upcoming concerts scheduled in countries like Singapore and Australia, these events are seen as golden opportunities to reinvigorate tourism revenue that suffered during the pandemic.

The concert economy benefits local businesses and generates numerous employment opportunities, including ticketing, security, concessions, maintenance, stage production, and hospitality services, strengthening the local economy and contributing to economic growth.

Taylor Swift's concerts generate revenue for artists, record labels, and digital platforms through merchandise, albums, and music streaming subscriptions. The scarcity of live music events during the pandemic has fuelled the demand for concert tickets, particularly for iconic artists like Taylor Swift. This has led to "bayflation" or "swiftflation," where high ticket prices persist due to fans' unwavering willingness to pay. With an average ticket price of \$254 and 54,000 attendees, Swift earns over \$10 million per night from ticket sales.

Artists like Taylor Swift and Beyoncé have become economic powerhouses, wielding significant influence over consumption patterns, ticket prices and even inflation rates in the cities they choose to tour. While concerns about inflation persist, the undeniable overall impact of these concerts on host countries' economies cannot be overlooked.

Taylor Swift's Eras tour serves as a remarkable example of the immense economic possibilities inherent in live music events. As fans eagerly await upcoming concerts, countries around the world can anticipate the positive effects that these events will have on their economies, further solidifying the status of music tours as catalysts for economic growth and prosperity.

-Mahika Arya (SC-C)

Monopoly

A situation where two producers control a market. For example, Cab services in India (Uber vs Ola).

Laissez-faire

A type of economic system in which transactions between private groups of people are free from any form of economic interventionism.

**WHAT'S
THAT
WORD?**

Hot money

Short-term, volatile capital moving quickly between countries seeking higher returns

Austerity

Economic policy emphasizing reduced government spending and increased taxes to address budget deficits. For ex: cutting down pension benefits

BOOK REVIEW – ANIMAL SPIRITS

"Animal Spirits: How Human Psychology Drives the Economy and Why It Matters for Global Capitalism" is a thought-provoking book that delves into the role of human psychology in shaping economic behaviour and its impact on global capitalism. Authored by Nobel laureates George A. Akerlof and Robert J. Shiller, this book offers a compelling exploration of the irrational and emotional factors that influence economic decision-making.

It examines the underlying 'animal spirits' of economic decision-making, such as confidence, fairness, money illusion, and corruption, challenging traditional theories that assume rational behaviour. Drawing on empirical evidence and behavioural economics research, the authors demonstrate that human psychology plays a fundamental role in shaping economic outcomes. In the late 1990s, irrational exuberance and pessimism were driving market trends as a result of social norms, expectations and biases.

The book explores the concept of confidence as a critical driver of economic growth and stability. Akerlof and Shiller argue that high levels of confidence lead to increased investment, spending and entrepreneurial activities. Confidence can drive business cycles by shaping expectations and influencing behaviour. Akerlof and Shiller analyse the 2008 global financial crisis through the lens of animal spirits, showcasing the role of irrationality, over-optimism and herd mentality in fuelling its onset. There was a prolonged economic downturn as a result of the collapse in confidence.

In "Animal Spirits", Akerlof and Shiller make a compelling case for the relevance of psychology in understanding economic phenomena. By illuminating the impact of "animal spirits" on decision-making, confidence and fairness, the authors offer valuable insights into the workings of the economy. This thought-provoking book challenges conventional economic wisdom and provides an understanding of economic behaviour in the uncertainty of this complex world.

-Ayurधि Aggarwal (SC-A)



CREDITS

Editor in chief

Vaaruni Swaroop

Senior Editor

Smriti Aakash Sondhi

Ritigya Agarwal

Correspondents

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Technical Editor

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Special Thanks

The Dept. of Accounts,
Commerce and
Economics

Ms Anindita Banerji