

MY VIEW | VOX HETERODOX

Failing health of globalization: Covid-19 blow to a stressed order

A phenomenon already under stress from an interplay of inequality and politics will suffer further as Covid-19 disrupts life



DEEPAK NAYYAR
is emeritus professor of economics,
Jawaharlal Nehru University

It has been a month of jitters, tremors and shocks for the world economy. 9 March was yet another Black Monday. Stock markets crashed worldwide, as their respective indices plunged 5-10%, wiping out trillions of dollars in wealth, the worst since 2008. Oil prices plummeted to \$33 per barrel, suggesting a price war among oil-exporting countries. During 2020, there has already been a sharp contraction in international trade flows. There is also a serious disruption in integrated global production networks. Just-in-time production systems are paralysed with intermediates and components made in China or East Asia no longer available. GDP growth has slowed down everywhere.

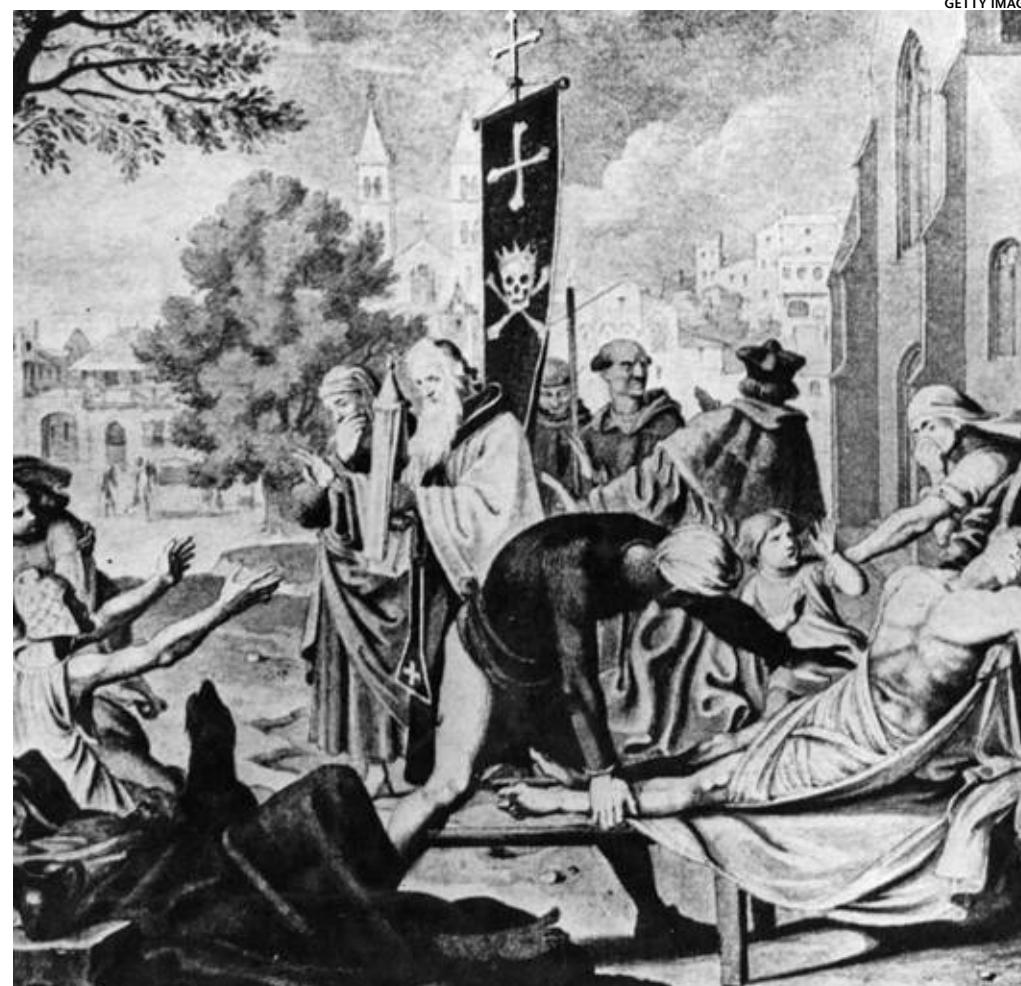
Mounting fears arising from Covid-19 are the trigger. So far, just four countries—China, South Korea, Italy and Iran—account for 95% of the cases (with China and Italy in a lockdown), but the disease is reported to have surfaced in more than 100 countries. Airlines have scrapped flights. Schools have closed down. Governments have advised citizens not to travel abroad. Large-gathering events are on hold. Institutions and firms are asking their staff to work from home. The situation is grim. The World Health Organization (WHO) has just announced that Covid-19 is now a pandemic.

Globalization in our times, which gathered momentum since 1980, has been confronted with mounting economic problems and consequent political challenges after a smooth sail of almost three decades. The economic problems began with the financial crisis that surfaced in late 2008. Recovery from the Great Recession that followed is not quite complete. Economies might have become global. But politics remains national.

There is a political backlash in the form of resurgent nationalisms riding on populist or chauvinist sentiments. In industrialized countries, nationalist populist political parties, or far-right xenophobic populist leaders exploit fears about openness in immigration and trade as a threat to jobs, clearly visible in the US and Europe. In developing countries, nationalist-populist political parties or leaders, challenge or oust incumbent governments, exploiting religious beliefs, ethnic divides or rampant corruption. Such toxic nationalisms across the world seek to capture the political space created by unequal outcomes associated with globalization.

It is impossible to predict how Covid-19 will spread in the months to come. But it has already affected large numbers of people worldwide. It is bound to disrupt the process of globalization, for which the cross-border movement of people is just as essential as that of goods, services, capital, technology and ideas.

In the economic sphere, a slowdown in growth will hurt the vulnerable, or the poor, increasing the



already-high economic inequality. This would be attributed, in popular perception, to increasing openness and deepening integration with the world economy. Such sentiments will be exploited by populist political parties and leaders seeking to shut the doors on immigration or restricting openness in trade, to strengthen their so-called nationalist credentials in politics. In this context, there is much that we can learn from history.

During the second millennium, there were waves of globalization and de-globalization, which straddled continents and geographies, driven by trade

estimated that the plague—Black Death—killed more than 25 million out of a total population of 80 million in Europe in just three years from 1348 to 1351 CE. The global spread of disease was a corollary of the economic integration, which led to the formation of a common market not only for goods, but also for microbes and germs. The mid-14th century then witnessed the disintegration of Pax Mongolica so that, in this epoch, globalization sowed the seeds of its own destruction.

There was another wave of globalization in the late 19th century, coinciding with the zenith of

European colonialism, the age of empire (1870-1914), manifest in an integration of the world economy through international trade, investment, finance and migration, which closely resembled globalization in the early 21st century and seemed unstoppable. But growing inequality between and within countries and increasing conflict between winners and losers, which led to World War I, brought it to an abrupt end in 1914.

History does not repeat itself. But it would be wise to learn from history. Our era of globalization is already under stress

because of its consequences. Economic inequalities between countries and among people have risen rapidly and there is a political backlash embedded in resurgent nationalisms. The problem will be compounded further as Covid-19 has turned into a global pandemic. Everything possible must be done to manage it. But it is also time to manage the unequal outcomes associated with globalization.

There was a wave of globalization starting around 1240 CE when almost the entire Eurasian landmass became part of the Mongol Empire. The geographical unification drove economic interaction through trade in a horizontally linked world system. But there was a flip side. Plague germs were carried by Mongol troops, with their horses, from Central Asia to the Black Sea in 1347 CE, transmitted by ships to ports across Europe. It is

QUICK READ

Mounting economic challenges and a political backlash on the back of a rise in nationalistic sentiments have weakened globalization. The spread of Covid-19 will worsen it.

The retreat of globalization can be reversed by countering the virus scare strategically, but we must also address the unequal outcomes that create discontent against it in the first place...

against it in the first place...

APARNA SHARMA



is a senior HR professional, independent director and author

Until 30 November 2019, listed companies and other prescribed unlisted public companies were not required to select independent directors (IDs) from an approved databank of names. However, the situation changed on 1 December 2019, after the ministry of corporate affairs (MCA) notified the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, and the Companies (Accounts) Amendment Rules, 2019.

MCA appointed the Indian Institute of Corporate Affairs (IICA) to create and maintain a database of all persons eligible and willing to act as IDs, including existing directors, and conduct an online proficiency test. The test started on 1 March 2020. Applications are to be submitted by 30 April 2020, and the online proficiency examination conducted by IICA is to be passed by 28 February 2021.

There are exceptions to the rule on passing that online proficiency test. Eligible for

a waiver are individuals who have served as directors for a period of 10 years on the date of inclusion of their name in the databank, or key managerial personnel in a listed public company or unlisted public company with paid-up capital of ₹10 crore or more.

Professionals who wish to take the online proficiency test have to register at mca.gov.in. They can attend training programmes to update themselves on the subjects, topic, and syllabus. I attended a one-day programme organized by the Institute of Directors (IOD). This made me realize that the experience of being an ID for more than three years was not good enough. Besides the academic part, the session helped me get tips from subject matter experts and provided enough time for discussion with the faculty. The mock test gave me a sense of what type of questions to expect.

In a way, the IOD programme set the ball rolling for my online test preparation. Next, I referred to the 42 modules, accessible only to those who register, that are available on the IICA portal as part of their learning management system. The modules are divided into two parts, board essentials and practice, and have a duration of at least 40 minutes

and at most 70. Designed and explained by experts, they can be heard through a good inbuilt audio-visual mechanism. During the process of familiarization with the course material, do go through the IICA portal, which is informative and comprehensive.

The syllabus is vast—Companies Act, 2013, Securities Law, basic accountancy, accounting details, financial ratios, secretarial audit and secretarial standards, all about board composition and functions, corporate social responsibility, corporate

frauds, including case studies, and enterprise risk management. As I come from a human resources background, this required serious study. A friend and practising company secretary helped clarify complex questions. However, laser-sharp focus and commitment in terms of time and effort made me feel confident on examination eve.

So when does one appear? There are three

slots everyday—8 to 9 am, 2 to 3 pm and 8 to 9 pm. Choose and block what works for you. The system is well designed through the Mettl platform. You get a reminder email on the day of your selected slot with a few key dos and don'ts. The test can be taken only on a desktop or laptop with a functional webcam. No external help should be attempted or one risks disqualification.

The test is for 60 minutes during which 50 questions have to be answered. Every question has a weightage of two marks. One

has to get 60 marks out of 100 to pass. The questions may appear simple, but are actually tricky, and if one attempts them without preparation, it could get difficult. The good thing is there is no restriction on the number of times a professional can take the test.

The test is not a race against time like the Common Admission Test or other competitive exams. This test is about knowing the fundamen-

tal, understanding the question, and picking the right answer. In most questions, if you are not sure, almost all four choices appear correct. That is how the questions are designed.

I greatly benefitted from taking the mock test on the IICA portal several times. It helped me understand the test environment, rules, administrative process and dos and don'ts while being proctored through a webcam. Once time is up, the test closes on the portal to check the result displayed on the screen. On clearing the test, a certificate is awarded that can be downloaded.

Here are some learnings and observations that might help those who want to take the ID test. It requires effort and preparation time. The test process and environment are well designed and monitored. Mock tests are an effective way to assess your level of preparedness. Attending the one-day orientation programme by IOD would be worth it. During the test, don't let speed of answering or thinking about the result distract you. The system has an option that lets you review and revise answers. Use that. Having a clear mind and staying calm are what you need most to pass the 60-minute test.

MY VIEW | PEN DRIVE

How to crack the new test for independent directors

APARNA SHARMA



is a senior HR professional, independent director and author

QUICK READ

The Indian Institute of Corporate Affairs, tasked with creating and maintaining a database of all persons eligible and willing to act as independent directors on boards, now conducts an online proficiency test for the job.

The syllabus is vast and the questions are tricky. Mock tests, attending orientation classes, and a calm and focused mind are what help cracking this test.

MINT CURATOR



The International Space Station (ISS)

ISTOCKPHOTO

How does one keep a space station clean?

By 1998, after 12 years in orbit, Russian space station Mir was showing its age... Opening an inspection panel, [the crew] discovered several globules of murky water—each around the size of a football. Later analysis revealed the water was teeming with bacteria, fungi and mites... After the experience of Mir, biologists have been concerned about what else might be living on board and particularly any microbes that might endanger the station, or worse, the astronauts... Every week [ISS] astronauts are scheduled to wipe down surfaces with antimicrobial wipes and use a vacuum cleaner to suck up any stray debris. This is on top of daily housekeeping to keep kitchen areas clean and prevent sweaty exercise gear from going mouldy... Effort is also going into considering what happens when we take our microbiome with us on the first human expeditions to the surface of Mars.

BBC

A book on the Kama Sutra beats Harry Potter

Whether we say we're too busy, that books are too expensive, or we just simply don't know what to read, we can always think of an excuse for why we don't prioritise reading over our other to-do's. But according to a study, a considerable number of Brits have made an exception for one book. By analysing their internal sales from the last three years, OnBuy.com—one of the fastest growing shopping marketplaces—revealed which book Brits can't get enough of, and it's not *Harry Potter* or *The Bible*... The book which came out on top as the UK's most popular book is Kamini Thomas's *Modern Kama Sutra*. J. K. Rowling's *Harry Potter And The Deathly Hallows*, came in close second followed by Seth Matlins & Eve Epstein's *Scratch & Sniff Book Of Weed*.

Daily Mirror

Art lovers must make do with online museums

Florence's world-famous Uffizi Gallery said Wednesday that art lovers had rushed to its new Facebook page as the museum—like others across Italy—stays shut to fight the country's coronavirus outbreak. The page, launched on Tuesday, had notched up more than 19,000 followers by Wednesday evening and the three videos it had posted had more than 300,000 views. The museum is one of Italy's most visited attractions and houses a priceless art collection. But since the weekend visitors hoping to see them up close have been left disappointed by the closure of the gallery, along with all the country's cultural institutions... "Culture and art can be a great support and comfort at this difficult time which is requiring great sacrifices of us all," [Eike] Schmidt [museum director] said in a statement.

AFP

School lessons on the proper way to cough

As the number of confirmed coronavirus cases continues to rise around the world, people are becoming more and more health conscious... it's especially important to make sure you're covering your mouth when you cough. But is there a correct way to do this? Laurie Geoff, a preschool teacher from Seattle has gone viral on Twitter after sharing what she says is the "correct" way to cough... "We do not cough in our hands, the reason for that is when you cough into your hands like that, now you have germs all over your hands and anything you touch will get your germs on it so now you need to go wash your hands for 20 seconds with soap. Laurie then demonstrated coughing into the crook of her elbow. [She continued] "That's a cough pocket, simple, easy to use, it's on your body, it's free, it's always with you.

Daily Mirror

Iron rain has been forecast for a faraway planet

At one hot, faraway world, it's always cloudy with a chance of iron rain. This mega planet is so hot on the sunny side—4,350 degrees Fahrenheit (2,400 degrees Celsius)—that iron vaporizes in the atmosphere. The iron likely condenses on the cooler night side of the planet, almost certainly turning into rain. "Like droplets of metal falling from the sky," said Christophe Lovis of the University of Geneva who took part in the study. The iron rain would be extremely dense and pack a pretty good punch, according to the research team whose study appears in the journal *Nature*... There's no telling whether it's a steady drizzle or downpour, or what else might be raining down besides iron. But you'd need a sturdy umbrella—preferably made of a metal that melts at much higher temperatures, Lovis said.

AP