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The problem with billionaire consumption

(The Hindu, 17-07-24)

The lavish and extended wedding celebrations of billionaire Mukesh Ambani's youngest son has brought to the forefront the question of "conspicuous consumption" of the rich.



What are the differing perspectives on billionaire consumption in an unequal society?

- Right-wing view:
 - Legitimate exercise of private freedom in a capitalist democracy
 - Inequality is due to flawed policies, not billionaire consumption
- Left-wing (Marxist) view:
 - All billionaire consumption is illegitimate as profits are unfair extraction from labor
 - Inequality is an inherent feature of capitalism

How does billionaire consumption impact the economy?

- Positive impact:
 - Can boost domestic demand and employment
- Limitations:
 - Represents a second-best solution compared to investment
 - Doesn't necessarily lead to long-term growth or increased productivity
- Investment vs. Consumption:
 - Investment generates employment and increases productivity
 - Consumption alone doesn't upgrade capital stock or increase per capita incomes

What is the "social contract" in capitalist societies according to Keynesian economics?

- Capitalist classes are allowed greater wealth if they:
 - Ensure high levels of investment
 - Generate sufficient employment
 - Increase productivity
 - Maintain stable prices

- The greater the share of profits invested, the higher the economic welfare
- Conspicuous consumption reduces welfare by reducing funds available for investment

What are the key issues and contradictions in modern capitalism regarding investment and consumption?

- Private control of profits means investment decisions are also private
- Capitalists may choose not to invest or to engage in lavish consumption
- This can lead to reduced employment and productivity growth
- Workers have no control over investment decisions that affect their livelihoods
- Monopolies can further reduce real wages through high prices
- The stark inequality displayed by lavish consumption represents a public policy problem

What is the way forward?

- Educational Programs:
 - Develop programs for wealthy individuals on the societal impacts of consumption choices
 - Promote financial literacy that emphasizes social responsibility
 - Promote the idea of "experiential" rather than material luxury
- Progressive Taxation:
 - Implement more progressive tax structures to redistribute wealth
 - Consider wealth taxes or higher capital gains taxes on the ultra-rich
- Investment Incentives:
 - Create tax incentives for businesses to reinvest profits into productive capacities
 - Encourage investments in research and development, and workforce training
- Strengthen Social Safety Nets:
 - Invest in public services like education, healthcare, and affordable housing
 - Consider universal basic income or negative income tax schemes
- Public Investment:
 - Increase government investment in infrastructure and public goods
 - Focus on sectors that boost productivity and create jobs

Can you answer the following question?

The conspicuous consumption of billionaires in an unequal society raises complex economic and ethical questions. Critically examine the ethical impact of such consumption on society.

Centralised examinations have not aced the test

(The Hindu, 17-07-24)

The recent controversies surrounding national-level entrance examination of NEET have raised questions about the effectiveness of centralized testing systems in India.

What are the main issues with the National Testing Agency (NTA) and its conduct of examinations?

- Lack of specialized expertise in leadership positions
- Conducting examinations in pen-and-paper mode instead of electronic mode
- Outsourcing most of the work
- Recent fiasco in NEET-UG exam, including paper leaks and arbitrary grace marks

- Loss of trust in NTA's ability to conduct fair examinations

What are the concerns regarding the NEET examination specifically?

- Widespread leakage of question papers
- Arbitrary manner of awarding grace marks
- Conducting re-examination for only a handful of students
- Tinkering with rankings
- Low cut-off percentages (19% to 22%) in previous years

What steps has the government taken to address the NEET fiasco?

- Constituted a seven-member high-level committee of experts
- Committee to review examination processes, data security, and NTA's structure
- Tasked with suggesting monitoring mechanisms and improving grievance redressal

How has the focus on national-level entrance exams affected the school education system?

- School-leaving examinations have become redundant
- Rise of 'dummy' schools and coaching centers
- Damage to the overall schooling system
- Suggestion to reintroduce a percentage of school-leaving marks in final entrance scores
- Need to safeguard merit based on good school education

What alternatives are suggested for the current centralized testing system?

- Decentralization of examinations, with states conducting their own entrance tests
- Central government providing a standard template for state-level exams
- Restructuring testing bodies to include domain experts and IT specialists
- Focusing on cyber safety and multiple safeguards for large-scale exams

Can you answer the following question?

Critically examine the challenges faced by the National Testing Agency and suggest comprehensive reforms to ensure fair, transparent, and efficient conduct of entrance examinations while also addressing the impact on the school education system.