

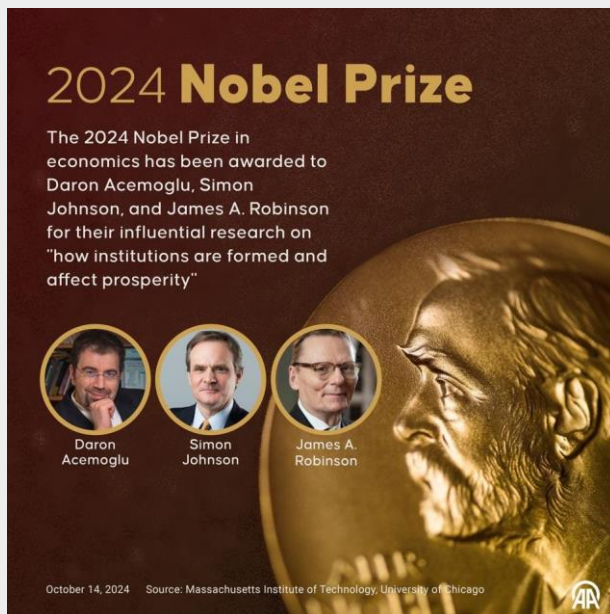
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## 1. A Nobel for explaining why nations fail

### Introduction

The 2024 Economics Nobel prize was awarded to U.S. economists Daron Acemoglu, Simon Johnson and James A. Robinson on Monday "for studies of how institutions are formed and affect prosperity." The prize committee credited the winners for enhancing our understanding of the root causes of why countries fail or succeed.



### What is their work's significance?

Why are some countries rich while others are poor is a question that has been debated by economists for a long time now. According to the Nobel committee, the richest 20% of countries in the world today are 30 times richer in terms of average income than the poorest 20%. Ever since the Industrial revolution led to the "Great Divergence" in living standards between the East and the West, various theories have been proposed to explain the huge difference in living standards in rich versus poor countries.

Some blame Western colonialism as the primary reason for the Western world's prosperity even today. Other scholars have argued that disparities in natural resource endowment explains differences in economic prosperity across countries. Some others have argued that intelligence and even historical accidents could explain a nation's fate.

The 2024 Nobel laureates, however, have argued that differences in the quality of economic and political institutions is what best explains the divergence in the economic fates of countries. This thesis is most famously elaborated in the 2012 book *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* written by Daron Acemoglu and James A. Robinson, and also in the 2004 paper 'Institutions as a Fundamental Cause of Long-Run Growth', written together by all three of this year's Nobel laureates.

### Why is the quality of institutions so important?

According to Douglass North, a Nobel laureate and a pioneer of New Institutional Economics, institutions are the "rules of the game" that define the incentives of human individuals. For

example, institutions that stop the state from seizing the property of honest citizens would give ordinary citizens the incentive to work hard without the fear of expropriation and that in turn would lead to general economic prosperity. Institutions that legalise expropriation, on the other hand, would affect individual incentives negatively and cause economic stagnation.

Now, Acemoglu and Johnson argued in their book that institutions can either be “inclusive” or “extractive”. Inclusive institutions are characterised by secure private property rights and democracy while extractive institutions are marked by insecure private property rights and the lack of political freedom. They tried to empirically demonstrate that inclusive institutions lead to long-run economic growth and higher living standards while extractive institutions lead to economic degradation and poverty.

To this end, they studied the kinds of institutions that colonists set up in different colonies and the impact that this had on the long-term economic fate of these colonies. When a colonial power did not want to settle in a certain country for various reasons (such as higher mortality rates due to geography), it set up institutions that were extractive in nature and inimical to long-term economic growth. This may have been the case in India where the British set up institutions that were mostly devised to plunder resources within a short span of time rather than promote long-term economic growth. But in countries where colonists wanted to settle for the long-run, they set up inclusive institutions that encouraged investment and long-term economic growth over short-term plunder. This may have been the case in the U.S. where the British set up inclusive institutions that promoted long-term economic prosperity.

It should be noted that institutions can also include factors like culture, which influence the more explicit “rules of the game” expressed by political and economic institutions.

### **Why don't we have more inclusive institutions?**

The Nobel laureates have also shed light on why inclusive institutions, which are found to be extremely important for long-term economic growth, have not been adopted by more countries in the world. They attribute this to the different choices that rulers face in their respective countries. When the rulers of a country are able to safely extract sufficient resources for their personal gains through extractive institutions, the laureates argue, they have little reason to bring in political and economic reforms (or inclusive institutions) that can benefit the wider population over the long run. In such cases, extractive institutions may prevail for a really long time as long as the masses do not revolt against the status quo. But if there is a real threat of a popular uprising against extractive institutions, at least some rulers may decide to yield to popular demand and reluctantly set up more inclusive institutions which aid economic growth.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

## **2. What is THAAD, which US is sending to Israel; why this is significant**

### **Introduction**

US to send THAAD defence battery system to Israel: Even as Israel faces increasing criticism for targetting UN peacekeepers in Lebanon, the US, underlining its “ironclad commitment to

the defence of Israel”, has announced it will send its advanced missile defence system THAAD, along with troops to operate it, to the West Asian nation.

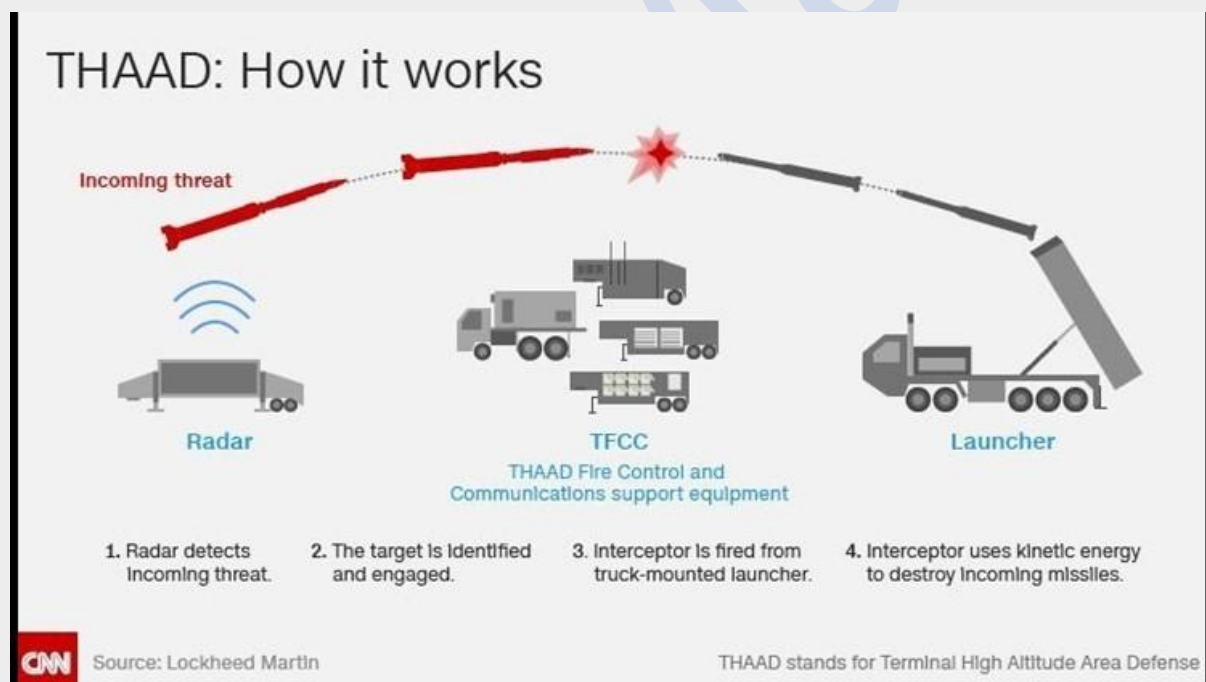
THAAD stands for Terminal High-Altitude Area Defence, and the battery is used to intercept and destroy enemy missiles.

### What is THAAD?

A THAAD battery consists of 95 soldiers, six truck-mounted launchers, 48 interceptors (eight per launcher), radar surveillance and radar, and a tactical fire component, according to a paper by the US Congressional Research Service.

THAAD provides a “rapidly deployable capability against short-range (up to 1,000 km), medium-range (1,000–3,000 km), and limited intermediate-range (3,000–5,000 km) ballistic missile threats inside or outside the atmosphere during their final (terminal) phase of flight,” the paper says.

Employing “hit-to-kill” technology to destroy threat missiles, the THAAD can defend a larger area than the older Patriot Air and Missile Defense System. It has been developed by Lockheed Martin Corporation.



### Why is THAAD being sent to Israel significant?

According to the US defence department press release, the latest decision is “part of the broader adjustments the US military has made in recent months, to support the defense of Israel and protect Americans from attacks by Iran and Iranian-aligned militias.”

In effect, this means that a highly advanced American defence system, along with an “associated crew of US military personnel” will be directly stationed in Israel, at a time when the situation in West Asia is already highly tense.

Israel is readying a revenge plan for the missile attack by Iran on October 1, and the US is learnt to have urged restraint. The presence of its missile defence system is likely to serve as a deterrent to Iran, and reassurance to Israel.

Iran has fired missiles on Israel twice since the Gaza war began October last year, and the US along with its allies has helped defend the Jewish nation.

The THAAD being stationed in Israel, however, is a more significant step. Notably, Ukraine has been requesting a THAAD battery for a long time to defend itself against Russia, but has been refused.

THAAD is not only very expensive to use, it requires trained US personnel to operate it. According to an article in European Security and Defence, "While the export model of PATRIOT is estimated to cost nearly USD 1 billion, THAAD's price tag for a single battery is estimated at approximately USD 2.5 billion."

Israel already has an advanced, multi-tiered air defence system, and the THAAD significantly bolsters it. Iran does have one advantage, however — it spends much less on firing missiles than Israel and the US do on intercepting them.

Relevance: GS Prelims & Mains Paper II; International Relations

Source: Indian Express

### 3. India-Canada row over Nijjar killing: Timeline of a year of strained diplomatic relations

#### Introduction

The strain in the India-Canada relationship spiked dramatically on October 14 after the Canadian government said that Indian diplomats including the High Commissioner were "persons of interest" in the Hardeep Singh Nijjar murder investigation. New Delhi responded by withdrawing these diplomats, and expelling six Canadian diplomats from the country.



Subsequently, Canadian police accused the Indian government of using gangster Lawrence Bishnoi to carry out criminal operations in that country, and Prime Minister Justin Trudeau said India had "repeatedly refused" to cooperate in the investigation.

Relations between India and Canada have been under a severe strain since September last year, when Trudeau told parliament that there was evidence linking Indian agents to the assassination of Nijjar, a Sikh separatist who was shot dead in Surrey, Canada in June 2023. India rejected the allegations, calling them motivated.

This is a timeline of the main events in this extraordinary diplomatic and political situation over the last year between India and Canada.

**SEPT 10:** Prime Minister Narendra Modi conveyed concerns about protests by Sikh separatist in Canada to Prime Minister Trudeau on the sidelines of a G20 summit in New Delhi. A few days earlier, Ottawa had paused discussions on the Early Progress Trade Agreement (EPTA) with New Delhi.

**SEPT 18:** In a statement to Canada's parliament, Trudeau accused the Indian government of involvement in the assassination of Sikh separatist Nijjar, who was shot dead outside a gurdwara in Surrey on June 18. Trudeau said Canada has reason to believe that "agents of the Indian government" carried out the killing.

**SEPT 19:** India dismissed Trudeau's claims as "absurd and motivated". The Ministry of External Affairs said the "unsubstantiated allegations" sought to shift focus away from "Khalistani terrorists and extremists who have been provided shelter in Canada". Hours later, Canadian envoy Cameron MacKay was summoned to South Block and informed of the government's decision to expel a senior Canadian diplomat.

**SEPT 22:** India suspended issuing new visas for Canadians and asked Ottawa to reduce its diplomatic presence in India, seeking diplomatic parity between the two countries.

**OCT 20:** Canada's Foreign Minister Melanie Joly announced that 41 Canadian diplomats and their 42 family members had been withdrawn from India since they were "in danger of having immunity stripped on an arbitrary date" and that would have "put their personal safety at risk". Canada halted its visa and consular services in Chandigarh, Mumbai, and Bengaluru.

**NOV 29:** The United States Department of Justice (DoJ) charged Indian national Nikhil Gupta for his involvement in a thwarted plot to murder US-based Khalistani separatist Gurbatwant Singh Pannun, at the behest of an Indian government official who was identified as "CC1".

**NOV 30:** The MEA instituted a "high-level enquiry committee" to look into inputs from the US government on reports of the alleged involvement of Indians in a plot to target Pannun.

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**MAY 3:** Canadian police charged three people in the Nijjar's murder case — Karan Brar (22), Kamalpreet Singh (22), and Karanpreet Singh (28).

**MAY 11:** A fourth Indian national was arrested by Canadian authorities in connection with the killing of Nijjar.

**JUNE 15:** India and Canada agreed to "work together" to deal with some "very important issues", Trudeau said after meeting Modi on the sidelines of the G-7 Outreach Summit in Italy.

**JUNE 16:** Indian national Nikhil Gupta, accused of being involved in murder-for-hire plot against Pannun, was extradited to the US from the Czech Republic. In the US court, he pleaded

not guilty. On June 30, 2023, as Gupta travelled from India to the Czech Republic, he had been arrested by Czech law enforcement authorities at the request of the US, pursuant to the bilateral extradition treaty between the two countries.

**OCT 11:** Prime Minister Modi and his Canadian counterpart Trudeau had a brief exchange in Vientiane where Modi attended the ASEAN Summit and the East Asia Summit. While India said nothing substantive was discussed, Trudeau said he had a “brief exchange” with Modi, where he spoke of the “work that we need to do”.

**OCT 13:** India received a diplomatic communication from Canada suggesting that the Indian High Commissioner Sanjay Verma and other diplomats were “persons of interest” in a matter related to an investigation in that country. Nijjar was not mentioned, but the reference was obvious.

**OCT 14:** India ordered the expulsion of six Canadian diplomats, and announced its decision to withdraw the Indian High Commissioner to Canada and “other targeted diplomats”, citing security concerns.

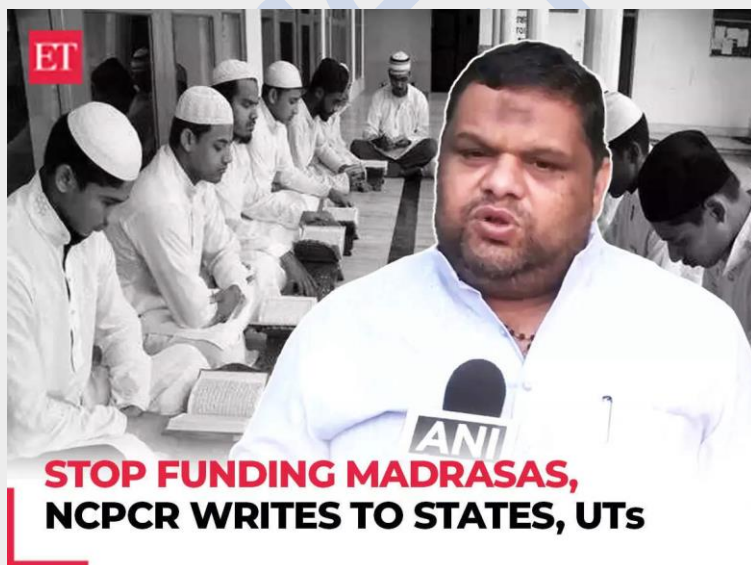
Relevance: GS Prelims & Mains Paper II; International Relations

Source: Indian Express

#### 4. NCPCR wants states to stop funding madrasas: how Kerala's system is different

##### Introduction

The National Commission for Protection of Child Rights (NCPCR) last week wrote to chief secretaries of all states and Union territories, recommending that madrasa boards be “closed down”, state funding to madrasas and madrasa boards be stopped, and children attending madrasas be enrolled in “formal schools.”



In Kerala, leaders across the political divide criticised the NCPCR move, but pointed out that even if implemented, the recommendations would have little impact in the state, as madrasas here do not receive government funding and madrasa education does not interfere with regular schooling.

##### Madrasa education boards

In Kerala, madrasa education is managed by bodies affiliated to various Muslim groups such as

Sunni factions and Mujahid. Prominent among these are the Samastha Kerala Islam Matha Vidyabyasa Board and Samastha Kerala Sunni Vidyabhyasa Board. These boards have several madrasas under their aegis, and supervise functions like preparing the syllabus and textbooks,

teaching, conducting examinations, issuing certificates, etc. Transfer of students is also through the boards.

### **Hours don't affect regular schooling**

Running from Class 1 to 12, madrasas are generally attached to a mosque. Classes are held in the morning hours, up to 9 am, after which students go to nearby schools for their regular classes. Some madrasas have evening shifts.

Madrasa education in Kerala is limited to religious and moral teaching. Certain CBSE schools under Muslim managements have madrasa education within the school before regular school hours. A section of English medium schools are running English-medium madrasas, which are also affiliated to any of the madrasa education boards.

To cater to expatriate children, madrasas offer an e-learning facility too.

Kerala boards have affiliated madrasas in other states, like Tamil Nadu, Karnataka and Maharashtra.

### **Teachers' salary**

It is estimated that Kerala has 2.25 lakh madrasa teachers. They are qualified in religious education and appointed by local mosque/mahallu committees as per the guidelines of the boards to which the madrasas are affiliated. Their salary is paid by the respective mahallu/masjid committees, which mobilise the funds mainly from parents.

### **Government involvement**

State government is not involved in running of madrasas, but government has a madrasa teachers welfare fund. In 2010, the government formed a welfare fund for madrasa teachers following the suggestions of a committee headed by Paloli Muhammed Kutty, which was constituted to implement the recommendation of the Sachar Committee report.

The state government, madrasa teachers, and their management are the stakeholders in the fund. In 2018-19, a welfare fund board was formed. The board has a chairman appointed by the government, and a chief operating officer who is a government servant on deputation. The board has 18 members, including representatives of teachers and various madrasa board managements.

In 2010, the state allotted a corpus of Rs 10 crore for the welfare fund. The contribution from the madrasa teacher and management was fixed as Rs 50 each a month. In 2012, the deposits were shifted from banks to the state treasury to make them interest-free, as demanded by various Muslim organisations.

In 2015-16, the state government allotted Rs 3.75 crore as incentive for interest-free deposit in the state treasury. Then in 2021, the board got another sum of Rs 4.16 crore as incentive for interest-free deposit from the state. At present, the board has a deposit of Rs 12 crore in the treasury to meet the existing payment demands.

### **What teachers make as pension**

At present, 1,800 madrasa teachers are given pensions ranging from Rs 1,500 to 2,700 a month. The pension for a teacher who paid the Rs 50 fee for five years is Rs 1,500, and Rs 2,250 for 10 years.

Kerala has 2.25 lakh madras teachers, but only 28,000 have joined the contributory pension scheme. The board gives housing loans, and other assistance such as for marriage and medical treatment, to members.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Indian Express

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