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PRINCIPAL'S MESSAGE

Dear students and faculty members,

It is with great pleasure that I introduce Volume II, Issue II of Eco Horizon, the quarterly magazine published by the P.G. Dept. of Economics, St. Aloysius College, Edathua. This issue, spanning the period of July-September 2025, showcases the dedication and academic curiosity within our department. The journal presents four thought-provoking articles that explore diverse yet interconnected areas of economic inquiry. Readers will find a valuable analysis of protectionist policies under Donald Trump and their implications for global trade and India.

Additionally, the issue offers a rich historical perspective on gold as an enduring economic asset. Our featured Economist of the Quarter highlights Harry Markowitz, focusing on the profound influence of Modern Portfolio Theory on financial economics. Finally, a timely discussion addresses artificial intelligence and its impact on India's labour markets in our rapidly evolving economy.

As the Principal, I extend my sincere appreciation and congratulations to the Head of the Department Sri Lane Joy faculty members, contributors, and the student editorial team headed by Sri Vivek G, whose dedication and professionalism brought this insightful edition to life. I hope this issue inspires readers to engage more deeply with the evolving world of economic ideas.



PROF.(DR.) INDULAL G.
PRINCIPAL



EDITORS' COLUMN

It is with great pride that I present Volume II, Issue II of Eco Horizon, the quarterly e-journal of the Department of Economics.

This issue brings together four thought-provoking articles that span diverse yet interconnected areas of economic inquiry. The analysis of protectionist policies under Donald Trump offers valuable insights into global trade dynamics and their implications for India. The article on the historical significance of gold provides a rich perspective on one of the world's most enduring economic assets. Our Economist of the Quarter feature on Harry Markowitz highlights the profound influence of modern portfolio theory on financial economics. Additionally, the discussion on artificial intelligence and its impact on India's labour markets addresses a timely and increasingly important theme in today's rapidly evolving economy.

I congratulate the student editorial team for their dedication and professionalism in bringing this edition to life. I also extend my sincere appreciation to the faculty members and contributors who have supported this initiative.



LANE JOY (HoD)
EDITOR-IN-CHIEF

Volume II, Issue II of Eco Horizon, the brings together four engaging and insightful articles that explore both classical and contemporary themes in economics.

I extend my heartfelt gratitude to all contributors, faculty mentors, and the student editorial team whose efforts made this publication possible. As a student-led initiative, Eco Horizon aims to encourage academic curiosity, critical thinking, and creative expression within the discipline of economics. I hope this issue inspires readers to engage more deeply with the evolving world of economic ideas.



VIVEK G.
MANAGING EDITOR





PROTECTIONISM AND ITS PRICE: INDIA UNDER TRUMP'S TRADE POLICIES



The trade policies of Donald Trump's administration marked a decisive shift toward protectionism, particularly through the imposition of tariffs and the renegotiation of trade deals. While the primary focus of these policies was on China, their repercussions extended far beyond, influencing global supply chains and bilateral trade relations with countries like India.

Trump's Protectionist Strategy

The "America First" doctrine guided Trump's economic agenda, seeking to safeguard domestic industries from foreign competition. Tariffs on steel, aluminum, and a wide range of manufactured goods were central to this approach. While India was not the primary target, its position as a significant exporter of goods such as steel, aluminum, pharmaceuticals, and textiles made it vulnerable.

Direct Impact on India

- **Steel and Aluminum Exports:** In 2018, the U.S. imposed tariffs of 25% on steel and 10% on aluminum imports. For India, a key exporter of these commodities, this led to a sharp decline in shipments to the U.S., affecting revenues and employment in related sectors.
- **GSP Withdrawal:** Another major blow came in 2019 when the U.S. ended India's designation as a beneficiary under the Generalized System of Preferences (GSP). This policy change stripped India of tariff-free access for nearly \$6 billion worth of exports, impacting small and medium-sized enterprises engaged in jewelry, agricultural products, and auto parts.





- **Pharmaceutical Exports:** The U.S. is India's largest market for generic drugs. While tariffs did not directly target pharmaceuticals, the overall strained trade relations heightened regulatory scrutiny, adding to the costs of compliance for Indian exporters.

Indirect Impact on India

- **Global Trade Slowdown:** Trump's trade war with China disrupted global trade flows, dampened demand, and created uncertainty in international markets. As a result, Indian exporters faced reduced opportunities even in third-country markets.
- **Investment Climate:** Protectionist measures increased volatility in financial markets, discouraging foreign investment. For India, which relies on capital inflows to finance its current account deficit, this created added macroeconomic challenges.
- **Exchange Rate Pressures:** Tariff wars led to currency fluctuations, with the Indian rupee often facing depreciation pressures. This raised import costs for crude oil and other essentials, worsening inflationary tendencies.

India's Response

India retaliated by imposing tariffs on U.S. products such as almonds, apples, and walnuts. However, the asymmetry in trade volumes made it difficult for India to exert significant leverage. Instead, the situation prompted New Delhi to diversify trade partnerships, strengthen regional agreements, and advocate for greater multilateralism in global trade forums.

Conclusion

Trump's protectionist policies, though not exclusively aimed at India, left notable imprints on its economy. The tariffs disrupted key export sectors, undermined investor confidence, and exposed India's dependence on U.S. trade preferences. At the same time, they provided a wake-up call for policymakers to recalibrate trade strategies and strengthen domestic capacities. Protectionism, while politically appealing in the short run, often comes at a high price—not only for the target country but also for the global economy.



GOPIKA A.
I MA DEVELOPMENT ECONOMICS



THE GOLDEN THREAD: TRACING GOLD THROUGH THE HISTORY OF ECONOMICS



Gold has fascinated humanity for millennia—not only as a symbol of wealth and beauty but also as a cornerstone of economic systems. From serving as currency in ancient civilizations to anchoring the modern monetary order through the gold standard, its role in the history of economics has been profound. This article traces the journey of gold, examining its evolving significance in global economic thought and practice.

Gold in Ancient Economies

The earliest use of gold dates back to civilizations such as Mesopotamia, Egypt, and the Indus Valley, where it was prized for durability, scarcity, and aesthetic appeal. Over time, gold transitioned from ornamental use to becoming a trusted medium of exchange. By 600 BCE, the Lydians in present-day Turkey issued the first gold coins, setting the foundation for a standardized monetary system. Gold's universal appeal ensured its acceptance across regions and cultures, facilitating long-distance trade.

Gold as a Monetary Standard

By the 19th century, gold evolved from a medium of exchange to the basis of national monetary systems. The Gold Standard, first adopted by the United Kingdom in 1821, tied the value of a nation's currency directly to a fixed quantity of gold. This provided stability, predictability, and trust in international trade. Countries adhering to the system could convert paper currency into gold, ensuring credibility in cross-border transactions.





The gold standard reached its peak in the late 19th and early 20th centuries, with most major economies joining the system. However, its rigidity became a liability during economic shocks, as governments could not expand money supply freely during crises.

Gold and Economic Crises

The interwar period revealed the weaknesses of the gold standard. During the Great Depression of the 1930s, adherence to gold constrained governments' ability to implement expansionary monetary policies, worsening unemployment and deflation. Many countries eventually abandoned the system to regain economic flexibility.

In 1944, the Bretton Woods Agreement established a modified gold-based system where the U.S. dollar was pegged to gold at \$35 per ounce, and other currencies were pegged to the dollar. This system provided stability until the early 1970s, when President Richard Nixon suspended dollar convertibility into gold, marking the end of the Bretton Woods era and the beginning of a fiat currency system.

Gold in the Modern Era

Although gold is no longer the backbone of global monetary systems, it retains significant economic importance. Central banks hold vast reserves of gold as a hedge against inflation and currency volatility. For investors, gold serves as a “safe haven” asset during times of geopolitical uncertainty or financial instability.

In emerging economies like India, gold also plays a cultural and social role. Beyond its financial value, it is deeply embedded in traditions, dowries, and rituals, making it a dual asset—both symbolic and economic. Thus, gold continues to function as a barometer of global economic confidence.

Gold's journey through the history of economics reflects both continuity and change. From its early use as currency to its central role in the gold standard, and finally to its modern status as a strategic reserve and safe-haven asset, gold has remained deeply entwined with economic life. While it no longer anchors the world's currencies, its enduring significance underscores the timeless bond between human societies and this precious metal—the golden thread of economic history.



KRISHNAPRIYA P.
I MA DEVELOPMENT ECONOMICS





ECONOMIST OF THE QUARTER



HARRY MARKOWITZ

Born : 24 August 1927

Died: 22 June 2023

Contributions:

Modern Portfolio Theory

Efficient Frontier

Sparse Matrix Methods

Harry Markowitz (1927–2023) remains one of the most influential figures in modern financial economics. Awarded the Nobel Prize in Economics in 1990, Markowitz transformed the way investors, institutions, and policymakers understand risk, return, and portfolio construction. His groundbreaking contributions laid the foundation for what is now known as Modern Portfolio Theory (MPT), fundamentally reshaping investment management and financial decision-making worldwide. This article explores his life, major contributions, and the lasting relevance of his ideas.

Harry Max Markowitz was born on August 24, 1927, in Chicago, USA. His early exposure to mathematics and economics eventually led him to pursue graduate studies at the University of Chicago, where he studied under iconic figures like Milton Friedman and Jacob Marschak. It was during his doctoral work that Markowitz began exploring the mathematical aspects of investment behavior—an area previously underdeveloped in economics.

His seminal ideas crystallized in his 1952 paper, “*Portfolio Selection*,” published in the *Journal of Finance*, which would become one of the most influential articles in the history of financial economics.





Foundations of Modern Portfolio Theory

Before Markowitz, investment decisions focused primarily on identifying individual securities with high returns. Risk was often viewed narrowly, without a formal structure. Markowitz shifted the focus from individual assets to the portfolio as a whole, introducing a rigorous framework for understanding how diversification reduces risk.

1. Risk–Return Tradeoff

Markowitz demonstrated that investors should not seek maximum return alone but must balance expected return against risk, measured through variance or standard deviation. This formalization made risk quantifiable and comparable.

2. Diversification as a Scientific Principle

He showed that combining assets with low or negative correlations can reduce overall portfolio risk without proportionately reducing expected returns. This mathematically validated the age-old intuition behind diversification.

3. Efficient Frontier

One of his most celebrated contributions is the concept of the efficient frontier—a set of portfolios that offer the highest possible expected return for a given level of risk.

Portfolios below the frontier are inefficient; those above are impossible.

This insight revolutionized portfolio construction for individuals, institutions, and asset managers.

Capital Market Extensions and Influence

Markowitz's framework paved the way for later financial theories. Notably:

- CAPM (Capital Asset Pricing Model) by Sharpe, Lintner, and Mossin extended his ideas to include market equilibrium.
- The development of index funds was inspired by the idea that diversified portfolios reduce unsystematic risk.
- Risk-based asset allocation, used by pension funds and sovereign wealth funds today, traces its origin to MPT.

Markowitz's work bridges economics, finance, mathematics, and operations research, solidifying his role as a pioneer of quantitative finance.





Beyond Portfolio Theory

Although best known for MPT, Markowitz contributed significantly to:

- Operations research and optimization methods
- Computer simulations in finance
- Decision theory and behavioral insights

He also worked extensively in the private sector, helping institutions apply scientific principles of risk management.

Nobel Prize and Later Life

In 1990, Harry Markowitz shared the Nobel Prize in Economics with Merton Miller and William Sharpe for their contributions to financial economics. Even in his later years, Markowitz remained academically active, continuing to publish, consult, and teach. He passed away on June 22, 2023, but his intellectual legacy continues to shape global finance.

Legacy and Contemporary Relevance

Today, Modern Portfolio Theory is embedded in:

- Mutual fund and ETF design
- Retirement planning
- Quantitative investment strategies
- Risk management frameworks
- Corporate finance decisions

Even as newer models—such as behavioral finance, factor investing, and machine-learning-based allocation—emerge, Markowitz’s central insight remains unchallenged: risk and return must be considered together, and diversification is the cornerstone of rational investment.



ANJALI RAJ
I MA DEVELOPMENT ECONOMICS





ARTIFICIAL INTELLIGENCE AND THE FUTURE OF LABOUR MARKETS IN INDIA



Artificial Intelligence (AI) is rapidly transforming economic systems worldwide, reshaping production processes, service delivery, and labour markets. For a country like India—with its vast workforce, demographic advantages, and emerging digital ecosystem—the rise of AI presents both unprecedented opportunities and significant challenges. This article examines how AI is expected to influence India’s labour markets, the sectors most affected, and the policy measures required to ensure an inclusive and resilient future.

AI and the Changing Nature of Work

AI technologies such as machine learning, robotics, natural language processing, and automation are altering how tasks are performed across industries. Unlike earlier technological transitions, AI can perform not only routine physical work but also cognitive tasks, making its impact more widespread.

1. Task Automation and Job Displacement

Several job categories are vulnerable to automation, especially those involving repetitive or rule-based tasks.

Examples include:

- Data entry and clerical work
- Routine accounting functions
- Basic customer support
- Manufacturing assembly-line roles

In India, which has a large share of low- and mid-skill employment, automation could disproportionately affect sectors such as textiles, retail, BPO services, and construction.





2. Job Creation in New Sectors

AI will also create new employment in areas such as:

- Data science and analytics
- Cybersecurity
- Robotics maintenance
- AI model training and auditing
- Digital content creation and platform-based work

These roles require advanced digital skills, analytical ability, and continuous learning—characteristics that reshape labour demand.

Opportunities for India

1. Harnessing the Demographic Dividend

India's young workforce can become globally competitive if equipped with AI-relevant skills—coding, analytics, data interpretation, robotics repair, etc.

2. Expansion of the Gig and Platform Economy

Platforms such as ride-sharing, delivery services, online teaching, freelancing, and content creation offer flexible employment opportunities.

AI algorithms match workers to tasks, increasing efficiency but also raising concerns about algorithmic transparency and wage fairness.

3. Growth of Digital Public Infrastructure (DPI)

India's DPI—Aadhaar, UPI, DigiLocker, and upcoming ONDC—provides a strong foundation for integrating AI into governance, finance, and service delivery.

Artificial Intelligence is reshaping the future of labour markets globally, and India stands at a critical juncture. If managed strategically, AI can boost productivity, stimulate innovation, and create new economic opportunities. However, without deliberate and inclusive policies, the transition may widen inequalities and lead to significant labour displacement. India's challenge and opportunity lies in leveraging AI to enhance human capabilities while ensuring that growth remains equitable and sustainable.



ADERSH S.
I MA DEVELOPMENT ECONOMICS





ECO HORIZON

Adieu, Seniors.....



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