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GLOBAL UP-TO-DATE

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The world around us is changing rapidly. Wars, new turn in global politics, human rights issues are occurring every day, posing new challenges and concerns. Global Up-to-Date is an initiative by Centre for Governance Studies (CGS) which will work as a hub for explaining the contemporary global issues.

The regular briefs will focus and explain the issues related to International Politics, Economy, Security, Human Rights, and Development. There will be a monthly printed version newsletter containing briefs of all the contemporary global important issues. The online version contains regular updates of the pressing issues along with the PDF version of the newsletter.

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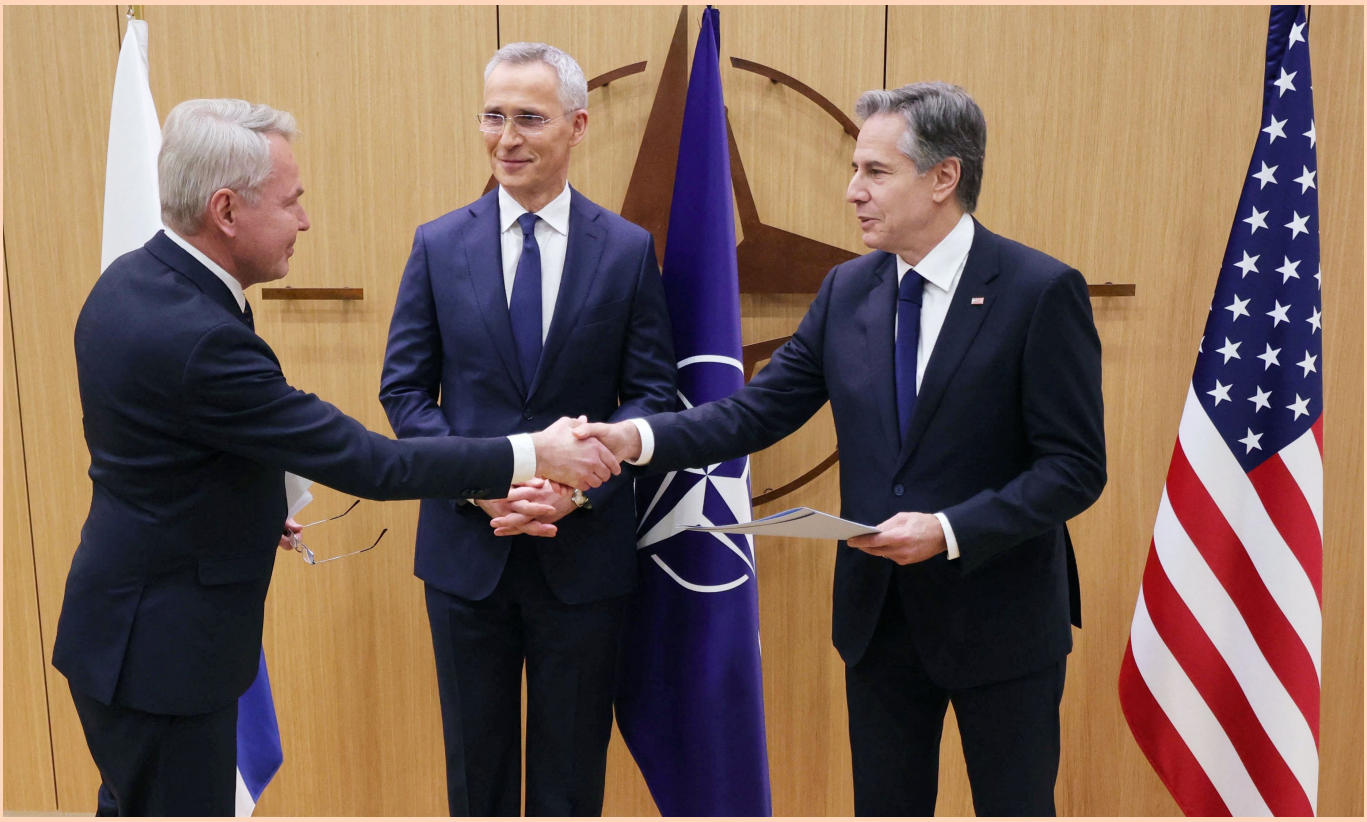
Russia-NATO Rivalry Heats Up as Ice Melts in the Arctic

Debi Karmakar



Henry A. Arnold, a famous general in United States Air Force history, once predicted that if a third world war were to break out, the North Pole would become the strategic centre point. Finland joined NATO on April 4 after decades of remaining neutral, including during the height of the Cold War. As a direct result, the border between Russia and NATO has doubled. In the backdrop of the Russia-Ukraine war, Finland agreed to join NATO under the umbrella of Article 5. Formerly opposed to nuclear deployment, Finland now seeks the peace and security provided by nuclear deterrence and the defense of NATO. This will eventually call for a security dilemma and military confrontation in the foreseeable future. A Russian official has already spoken out against NATO's expansionist plan, and the alliance has relocated its nuclear arsenal to Belarus.

Arctic geopolitics are undergoing seismic change. Climate, hydrology, and bathymetric limits along the Northern Sea Route all contributed to a reduction in the Arctic's perceived significance. As the ice melts, however, new transportation routes appear, as do previously untapped natural resources like gas and oil locked beneath the ice rocks. Because of Russia's desire to exploit the region's natural resources and cut off the west from the arctic, a formerly peaceful region has become a flashpoint in international politics. Russia claims more than half of the Arctic's coastline. So, the Arctic is really Russia's backyard. Russia must have easy access to hydrocarbons, which make up the majority of petroleum and natural gas. The value of mineral deposits exceeds 30 trillion dollars.

In his book "Principles of War," German geo-strategist Carl von Clausewitz said that "the encirclement of the enemy necessitates a greater deployment of forces in the front line for the aggressor." NATO's admission of Finland is a well-planned strategic surprise for Russia that follows the logic of encirclement. After the Russian invasion of Ukraine, Finland reevaluated its security situation and decided to join NATO in order to provide stability and security for the country, the Baltic Sea region, and Northern Europe. The Arctic region, where Russia and Finland share a border, will be hit hard. Rogachevo Airfield, located in the Novaya Zemlya Archipelago, is a prime example of Russia's efforts to reassert its presence in the Arctic. All cutting-edge fighter aircraft will be based at this location, which is conveniently situated near the Northern Sea Route. Near the Matochkin Strait, nuclear weapons are mostly tested at this airport. Russian long-range bombers will be based at the airstrip as part of the Russian Air Force's expanded Arctic presence. Iran and Saudi Arabia, along with nine other nations from Africa, Latin America, and Eurasia, took part in a rescue exercise that Russia hosted in the Arctic on April 6 and 7. Russia has invited non-Arctic states like India and Iran to increase their commercial presence in the Arctic in order to counter NATO's presence there through a military buildup. Given China's aspirations in the Arctic, the region is poised to become a geopolitical flashpoint between Russia and NATO.

The Mighty Fall of Silicon Valley Bank

Shurat Rana Rushmi

A few days ago, Silicon Valley Bank (SVB) was viewed as a highly-respected entity in the tech industry, with thousands of venture capital-backed U.S. startups as clients. However, on March 10, 2023, SVB was closed by regulators due to a panic-induced bank run.

Prior to its demise, Silicon Valley Bank, which was founded in 1983, was the sixteenth largest commercial bank in the United States. It provided banking services to almost half of the venture-backed technology and life science companies in the United States. The Federal Deposit Insurance Corporation (FDIC) reported that SVB’s assets totaled $209 billion at the end of 2022. SVB benefited tremendously from the tech sector's explosive development in recent years, which was fueled by ultra-low borrowing costs and a surge in demand for digital services caused by a pandemic. SVB was a preferred bank for the technology industry because it supported startups that not all banks would approve due to their higher risk profile.

It took 44 hours for SVB to collapse, but its origins can be traced back to the early pandemic years. In 2021, venture-backed enterprises in the United States raised a record $330 billion, double the amount raised in 2020. In order to stimulate the economy, interest rates were at rock-bottom levels at the time. During the period of near-zero interest rates, SVB invested billions in US government bonds, as did numerous other institutions. When interest rates have been low for a long time and then immediately rise, all the money that was flowing to the customers is abruptly stopped. These venture-backed clients provided SVB with billions of dollars during this time period. In just one year, their deposits increased by 100 percent. They invested these funds in bonds with extended maturities. As a result, a perilous trap was constructed because the company anticipated that interest rates would remain low.

As interest rates increased and bond prices fell, SVB began incurring significant losses on its long-term bond holdings. When SVB announced on March 8 that it was raising $1.75 billion in capital, people became concerned that the bank lacked capital. This information rapidly spread via social media platforms such as Twitter and WhatsApp, causing widespread panic. Customers began withdrawing cash in surges. The stock of SVB fell 60% on March 9 after the company's announcement of a capital raise. On March 10, California regulators closed the bank and placed SVB under the supervision of the FDIC. In contrast to personal banking, SVB clients had significantly greater accounts. During the bank run, it did not take long for funds to deplete, as the escalating rate of withdrawals caused a cascading effect. If SVB had held on to those bonds until they matured, it would have recouped its initial investment.

Previously, Silicon Valley Bank extended short-term loans. However, in 2021, they shifted to longer-term securities, such as Treasuries, in order to increase yield, and they did not secure their liabilities with short-term investments for quick liquidations. They were insolvent for months because they were unable to sell their assets without incurring a substantial loss. When economic factors impacted the technology industry, numerous bank customers withdrew funds as venture capital began to dry up. Because these deposits were secured by long-term investments, SVB lacked the liquidity to liquidate them. They began selling their bonds at a substantial loss, causing concern among customers and investors. The bank failed within 48 hours of disclosing the transfer of assets.

Currently, the greatest concern is the technology sector, which has been struck by recessionary conditions, forcing larger technology companies to lay off employees. Now, one of their most significant supporters has fallen. The management teams of other institutions may be hesitant to invest in startups due to the risk involved. In a broader context, the failure of SVB demonstrates the necessity of financial management in both good and bad economic periods. In a recessionary environment, businesses must take additional precautions regarding rising interest rates, supply chain issues, and capital-raising difficulties. While much of SVB's focus was on the technology industry, the bank's stunning failure has shaken an already jittery financial sector. When the dust settles, it is difficult to predict the repercussions of this dramatic event. The entire industry is in crisis, and the banks and investors that support these assets will need to determine a course of action.

Congress' Victory in Karnataka: What It Holds for Indian Politics?

Shahadat Hossain

Following success in Himachal, the Indian National Congress's victory in Karnataka stands as a significant setback for the Bharatiya Janata Party (BJP). Amidst much backdoor political deliberation, Siddaramaiah, a Congress leader, assumed office as the Chief Minister, with DK Shivakumar as Deputy Chief Minister. The National Congress leaders have made concerted efforts to ensure a balanced representation of all communities within the Cabinet. KJ George, a member of the Christian minority, and BZ Zamir Ahmed Khan, representing the Muslim minority, were appointed as ministers in the new cabinet.

During the 2018 Karnataka assembly elections, the Congress and the secular JDS formed a coalition government in the province, and the Congress accepted Kumaraswamy from the JDS as the Chief Minister. Despite the BJP securing a majority as a single party in the elections, Rahul Gandhi swiftly formed an alliance with the JDS to thwart the BJP's attempts to form the government. However, after a year, the BJP overthrew the coalition government through a trust vote. Today's victory can be seen as Rahul Gandhi's retaliation for the BJP's triumph in 2019.

This electoral defeat not only entails the BJP losing the province but also raises doubt on the strength of the ‘Modi magic,’ which was once considered a formidable political force for the BJP. It is believed that Narendra Modi's public rallies can sway 10-15% of votes prior to elections. Despite Prime Minister Narendra Modi's participation in at least 20 public rallies during the Karnataka elections, the BJP only emerged victorious in five out of the 17 constituencies where he campaigned. With this defeat, the BJP's dominance in South India comes to an end.

In 2019, the BJP employed a particular strategy to secure power in the state. Upon assuming power, they focused on bolstering their position through religious provocations. Karnataka's political landscape largely revolves around two main Hindu communities, namely the Lingayats and the Vokkaligas. While the BJP traditionally enjoys the support of the Lingayats, their popularity among the Vokkaligas is limited. To overcome this caste-based politics among Hindus in Karnataka, the BJP aimed to consolidate the Hindu vote by invoking anti-Muslim sentiments in support of the party. Coming into power in 2019, the BJP implemented bans on Muslim girls wearing hijabs in schools and colleges and imposed restrictions on the sale of halal meat. They also sparked controversy by portraying the former ruler of Mysore, Tipu Sultan, as an anti-Hindu figure.

However, the people of South India, including Karnataka, have a long history of peaceful coexistence between Hindus and Muslims. They have traditionally embraced a non-communal and inclusive outlook. The residents of Mysore have always held Tipu Sultan in high regard as a tolerant ruler. Consequently, the sudden vilification of Tipu Sultan as a ‘villainous' and ‘tyrannical' Muslim ruler failed to yield political advantages for the BJP in South India.

The BJP's defeat in Karnataka signifies the end of its rule in South India, encompassing Tamil Nadu, Kerala, Karnataka, Telangana, and Andhra Pradesh. These five provinces collectively hold 130 Lok Sabha seats, accounting for 24% of the total. In the 2019 Lok Sabha elections, the BJP secured only 29 seats in South India, amounting to a mere 22% of the Lok Sabha seats in the region.

The Congress's resounding victory in Karnataka provides a boost of confidence to the struggling party nationwide. However, it remains to be seen how this victory will impact the dynamics leading up to the 2024 Lok Sabha elections, as several other provinces, including Rajasthan, Telangana, Madhya Pradesh, and Chhattisgarh, are scheduled to hold assembly elections in 2023.

The Congress's influence in Telangana is not as robust as it is in Karnataka. Similarly, Rajasthan presents internal conflicts within the state Congress between leaders Ashok Gehlot and Sachin Pilot. In 2018, while Ashok Gehlot became the Chief Minister, Sachin Pilot became the deputy Chief Minister. A rebellion led by Sachin Pilot and his supporters against Ashok Gehlot emerged in 2020 and continues to this day. In contrast, Siddaramaiah and Sivakumar, who were rival leaders in Karnataka, have set aside their differences and collaborated in Karnataka. But the relationship between Ashok Gehlot and Sachin Pilot is as challenging as turning a circle into a square. However, the Congress stands a good chance of winning elections in Madhya Pradesh and Chhattisgarh.

In India, the number of Lok Sabha seats a state has is a common indicator of its political importance. Among the provinces holding assembly elections in 2023, Rajasthan has 25 Lok Sabha seats, Madhya Pradesh has 29, Chhattisgarh has 11, and Telangana has 17. These numbers are substantial, accounting for approximately 15% of the total Lok Sabha seats.

To secure victory in these states and ultimately in the Lok Sabha elections, the Congress has no choice but to rely on anti-BJP unity across India. The BJP came to power in 2014 with a nationwide popular vote share of 31%, which increased to 37% in 2019. Consequently, divisions among various opposition parties have facilitated the BJP's central rule.

The swearing-in ceremony of the Congress government in Karnataka revealed the true picture of the ‘united opposition’ with anti-BJP parties in India. Notably, popular anti-BJP figures like Arvind Kejriwal and Mamata Banerjee did not express joy over the Congress's victory in Karnataka. Leaders from various provinces, including Tamil Nadu Chief Minister and Congress ally MK Stalin, Bihar Chief Minister Nitish Kumar, Deputy Chief Minister Tejaswi Yadav, Jharkhand Chief Minister Hemant Soren, and representatives from West Bengal Chief Minister Mamata Banerjee's party, attended the ceremony. Akhilesh Yadav, the Samajwadi Party leader from Uttar Pradesh, was present, while Bahujan Samaj Party leader Mayawati was not invited. Delhi Chief Minister Arvind Kejriwal, Odisha Chief Minister Naveen Patnaik, and Telangana Chief Minister Chandrasekhar Rao were not extended invitations.

However, Mamata Banerjee, Nitish Kumar, and Akhilesh Yadav may not accept the leadership of the Congress in the anti-BJP unity during the upcoming elections, as some of them aspire to become prime minister. Rahul Gandhi gained popularity by promoting a message of ‘spreading love in a market filled with hate’ and creating a buzz across India with his ‘Bharat Jodo’ (Unite India) journey. However, there is no indication that he will be able to "jodo" (unite) the opposition before the Lok Sabha elections.

New Arms Coming In: Where Does the War End?

Jubaida Auhana Faruque

It is no news that the West has stood by Ukraine since Russia decided to penetrate its border with an invasion and declaration of war. Not only have they been providing vital humanitarian assistance to protect and support the civilian population, but they have also taken decisive action through NATO, providing Ukraine with essential heavy weaponry to counter the might of Russia. The collective support from the international community has been crucial, and it is highly doubtful whether Ukraine would have been able to endure for even a month without these timely and strategic interventions.

While the countries and NATO have refrained from deploying their troops in the field, they have been actively equipping Ukraine with a wide array of modern weaponry, ranging from small arms such as carbines, medium machine guns, sniper rifles, pistols, and assault rifles to formidable heavy weaponry like tanks, self-propelled artillery, combat vehicles, and Stryker armoured fighting vehicles. In addition, they have supplied various types of missiles, interceptor missiles, long-range rockets, and drones, with promises to deliver even more advanced arms such as fighter jets and High Mobility Artillery Rocket Systems1. Moreover, the US State Department has declared its additional security assistance package for Ukraine this May that will cover up to $300 million in expenses in this plan2, and Rishi Sunak has promised to provide hundreds of long-range attack drones and air defence missiles from the UK during his recent meeting with Zelensky3. Since April 2023, Ukraine has received 1,550 armoured vehicles and 230 tanks from NATO allies and partner countries, which make up almost 98% of their war weaponries4. With Putin getting adamant about winning the war and

Zelensky using his allied power with other countries, it is generally understood that more ammunition will be entering Ukraine, and until anyone's war machines exhaust, the world will keep spectating the war. This poses the question of how long this will go on and if there will be an end to this war in the near future.

Since it is clear that the prime NATO allies like the US, the UK, and Germany are allotting substantial amounts of budget to support the war in Ukraine, the capacity of Russia will determine how long Ukraine's weapon cargo routes need to be kept open. Unlike Ukraine, Russia's procurement of military supplies is primarily reliant on its domestic stock and speculative reports of potential arms acquisitions from other countries. While there have been reports of Iran selling drones to Russia, the extent and significance of such transactions remain subject to verification5. Speculations suggest the possibility of future arms deals with countries like North Korea6 and an alleged engagement with South Africa7. However, it is important to note that concrete evidence and official confirmation regarding these claims are limited, making the exact nature and scope of Russia's external military support uncertain. But rumours do not help soldiers in the field. The Ukrainian stance in the war is getting better, and Russia is accused of falling backward in the battles8. The war scenario is becoming hazy, with Russia winning over territory one day and Ukraine demanding to recapture it the next. But it is really a matter of concern to analyse how long these weapon supplies will continue and carry on with refuelling the war. It is predictable that immediately after the West, vis-à-vis NATO, stops its supply, Ukraine's defence will collapse, and Putin will gain whatever he wants. Again, the allies are not willing to accept that outcome, which is making Putin take every vicious and weird move to gain the upper hand. The situation got so worse that there was even fear of nuclear war9. Basically, the whole scenario has spiralled into a dilemma of security that will ultimately determine the result of the war. But countries, including the warring parties, need to come to an understanding of how long they can continue this vicious game, and in order to put an end to it, they should try to come up with a peaceful non-zero-sum method without disrupting the balance of global peace any further.