





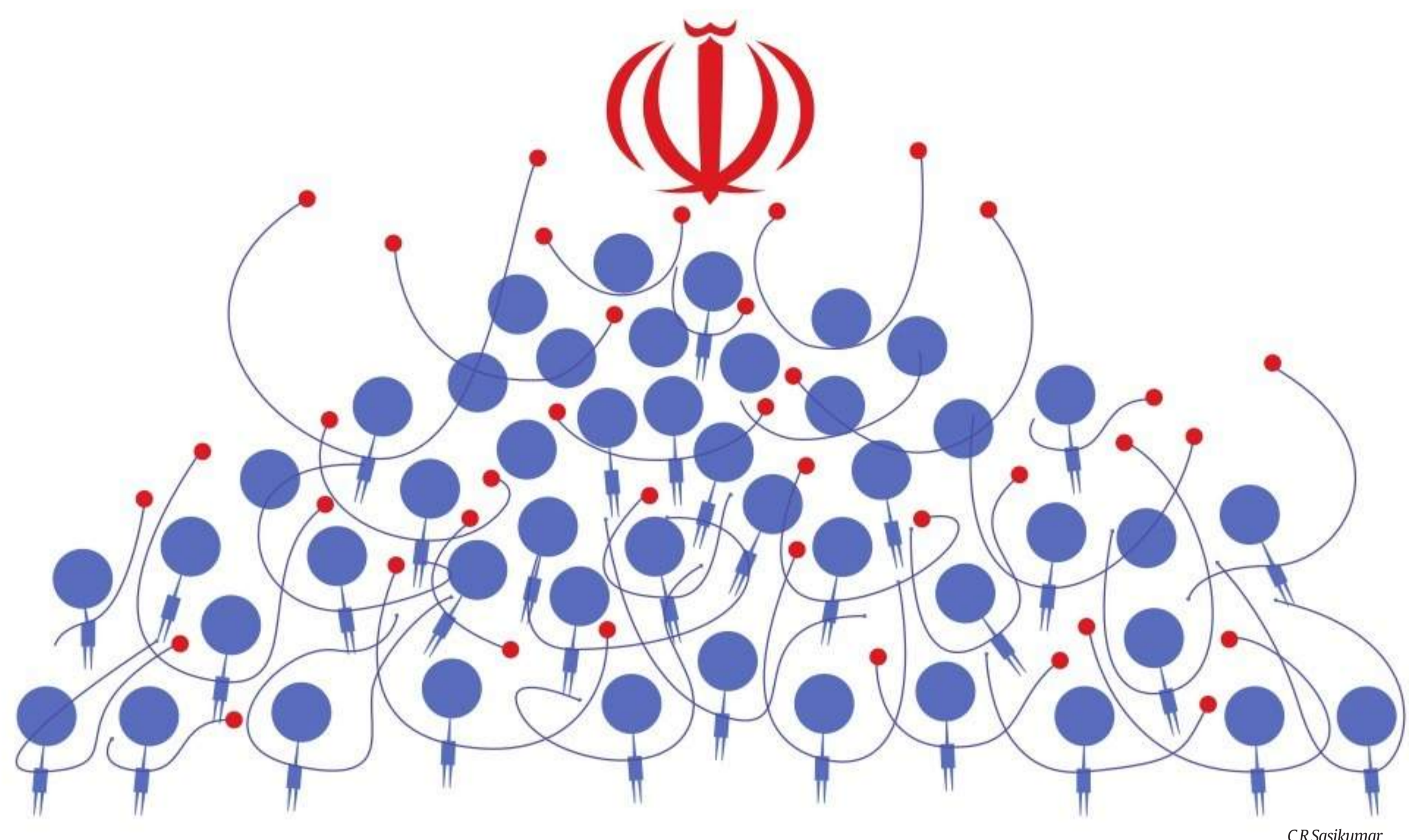


# 15 THE IDEAS PAGE

## WHAT THE OTHERS SAY

"France's decision to withdraw its ambassador from Italy points to the deeper divisions that threaten a troubled continent."

—THE GUARDIAN



C R Sasikumar

# The young are talking back

Forty years after the Islamic Revolution, Iran's regime is increasingly challenged by its people



RAMIN JAHANBEGLOO

FEBRUARY 2019 MARKS the 40th anniversary of the Iranian Revolution, one of the major events of the 20th century and a momentous development in the modern history of Islam. The revolution opened a new chapter for political Islam in the late 20th and early 21st centuries and had a deep impact on revolutionary movements across the globe, especially those that were using the Islamic frame of reference for political activism. In fact, the "religious dimension" of the Iranian Revolution, through its dependence on Islam, was well-established in the decades leading up to the uprisings of 1978. We can refer here to the notion, popularised in the 1970s, that Iranians should return to their cultural roots by resisting the hegemonic influence of the West.

Hasty or emotionally-motivated understandings of the causes of the Iranian Revolution and the Shah's downfall generally tend to focus either on the undemocratic nature of the Shah's regime or on the economic gap between the rich and the poor in Iranian society of the 1970s. These factors also existed in some other Islamic countries — Morocco, for example — but they did not end up in a revolution and many dictators in these countries, including Hassan II of Morocco, died in their beds, without being forced, like the Shah of Iran, into exile.

Moreover, by the end of 1979, it was becoming increasingly apparent that a rigorous interpretation of Shi'ite Islam by Ayatollah Khomeini and the Iranian clergy was becoming the text of the law. The immediate consequence of this development was the establishment of a theocratic state with the institutionalisation of the power of the "faqih" (jurist), who was supposed to possess the necessary charismatic author-

ity and political astuteness to rule the Islamic Republic. However, the establishment of the Velayat-e-Faqih (the rule of the jurist) could not put an end to the tensions between republicanism and authoritarianism, which had existed since the early days of the Iranian Revolution.

Since its inception, the Islamic Republic was dogged by tensions between two concepts of sovereignty — the divine and popular. The concept of popular sovereignty — derived from the indivisible will of the Iranian nation — is inscribed in Article 6 of the Islamic Republic's Constitution. The article mandates popular elections for the presidency and parliament. But the concept of divine sovereignty, which is derived from God's will through the medium of the imam, is bestowed on the existing "faqih" as the rightful ruler of the Shi'ite community. However, in the past 40 years in Iran, the idea of sovereignty of God on Earth has been less about what Michel Foucault called "the introduction of a spiritual dimension into political life" and more about the theologisation of politics.

As such, the first decade of the Iranian Revolution was marked by Khomeini's theological governance and by the violent elimination of opposition groups and the enforcement of ideological controls on the Iranian population. The success of the ayatollahs against different social, ethnic, religious and political groups and minorities can be attributed to several factors. First, the Islamists enjoyed far greater support among the masses. Second, extraordinary economic and political measures were tolerated by the Iranian population because of the eight-year war with Iraq. Last, but not least, the Islamisation of Iranian society was a way for the ayatollahs to elicit the support of the bazaar and traditional socio-economic groups for whom the prospect of a "leftist revolution" was even more worrying.

Despite the forceful post-revolutionary imposition of Islamic values and ways of living and the insertion of cultural politics into the everyday lives of young Iranians in the name of Islamic purity, the Iranian youth — especially young women — have not identified with the conservative values of the

Islamic regime. Moreover, the republican idea of popular sovereignty has found its place through social networks and is evident in the political activities of Iranian civil society — the women's rights movements, the students' movements, the online networks of young people and the work of dissident intellectuals and artists are good examples of such activism.

Today, more than 60 per cent of the Iranian population is under the age of 30. The image of Iran as a monolith does not reflect the mindset of those who have been fighting for change since the past 40 years. For nearly six million educated youngsters — many of whom have left Iran for the US, Canada, Australia and different parts of Europe — lack of jobs and the absence of social freedoms and everyday opportunities are the principal reasons of discontent and rebellion.

In the past 10 years, many protests in Iran — notably the Green Movement of 2009 — were products of the activities of the urban middle-class youth. But more recently, the turmoil in Iranian cities has largely been driven by disaffected young people in rural areas and small towns. They see it as a chance to express their frustration with the country's economic problems, which are a fallout of Iran's financial and military involvement in the conflicts in Syria and Yemen.

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Iran today is very much like the Soviet bloc before the fall of the Berlin Wall. The ideology of the Iranian Revolution has burnt out. Iranian youngsters are disenchanted. The Islamic Reform Movement has failed to fulfill popular demands and spontaneous riots occur in major cities of Iran almost every year. The winds of change have begun to blow but those riding the hungry tiger of the Iranian Revolution do not dare dismount it.

The writer is the Executive Director of the Mahatma Gandhi Centre for Nonviolence and Peace Studies and the Vice-Dean of the School of Law at Jindal Global University

# Who will pay for sops?

Government's claim that structural changes to the economy are paying off, and that is being used to give back to the people, is problematic



ARUN KUMAR

THE INTERIM UNION Budget 2019 is no less than a full budget with changes in taxation and announcement of lucrative schemes for various sections of the population. The recent losses in three major assembly elections rang alarm bells for the ruling dispensation. With the general election around the corner, it had to act to regain the support of various segments of the population. The government's policies in the last five years have caused distress to farmers, youth, small businesses, the cottage industries sector and minorities.

Small and marginal farmers will get Rs 6,000 per year. Concessions on credit and crop insurance to farmers have been announced. There is a pension scheme for unorganised sector workers. The lower middle classes have got concessions in income tax. The upper middle class has got concession in taxation on a second house. There are schemes for the SCs, STs, women, nomadic tribes and senior citizens.

announce big concessions. The wonder is that without this, many concessions have been announced and without the fiscal deficit rising.

All budgets indulge in creative accounting and the current one is no exception. There is no harm in announcing higher revenues and higher expenditures. One can always correct these figures subsequently. Public memory is short and few remember last year's figures.

Given the recent controversy on unemployment, creation of new jobs, GDP and its growth rate, the data pertaining to the Indian economy has become highly suspect. Most are incredulous that the rate of growth has been shown to be the highest in the year of demonetisation since, by all accounts, the economy was badly hit, starting November 2016. It hardly recovered when it was again hit by a structurally-flawed GST. The unorganised sector has been declining since then.

Unfortunately, the data for the unorganised sector comes with a big lag and it is implicitly assumed to be growing at the same rate as the organised sector. So, the government can claim that the economy was not impacted by the shocks. But, as this author has argued before, if the data from the private surveys is taken into account, the rate of growth of the economy would turn out to be around 1 per cent and not 7 per cent to 8 per cent. This slow growth is consistent with the problems relating to employment, the cottage sector and farmers.

Data also vitiates budgetary calculus. So, tax revenue growth is sluggish because of the low rate of growth. But if the rate of growth is around 1 per cent, shouldn't the problem be more acute? Not really, because most of the taxes are paid by the organised sector which is growing.

Effective direct taxes are paid by about 1.5 per cent of the population even though about 6 per cent of the population files tax returns. Ninety-five per cent of the GST is paid by 5 per cent of the businesses in the country, according to the finance minister. Small businesses are largely exempt and do not have to register or they are under the Composition Scheme.

Thus, if tax collection has not suffered more despite the rate of growth falling to 1 per cent, it is due to the growth of the organised sector. Clearly, to the government and the economy, the unorganised sector matters less and less.

The government claims that the structural changes it brought about are paying dividends, which are being used to give back to the people. But these changes hurt the vast unorganised sections way beyond what is now sought to be given back. The drop in the rate of growth to around 1 per cent means lakhs of crores of income lost by these sections. While the increase in inequality does help raise some resources, that is inadequate to fund the various schemes now announced. It required creative accounting in the budget.

All this points to the belief among the rulers that in economic terms, the majority matters little. However, their votes count. So, near the elections they have to be appeased with some sops. The coming elections will once again be a test of such a hypothesis.

The writer is Malcolm Adiseshiah Chair Professor, Institute of Social Sciences

## VIEW FROM THE RIGHT

**MAMATA'S STRATEGY**  
ON THE RECENT stand-off between the CBI and state police in Kolkata, the editorial in *Organiser* declares that in politics, every political leader or party uses "policies, strategies and perception management" to ensure "authoritative allocation of values" according to their own political interests. The way Mamata Banerjee chose to target the CBI, and Chandrababu Naidu becoming an important ally in this endeavour, needs further scrutiny, claims the editorial. It adds that "she (Banerjee) tried to block the investigation (into the Sharada scam) by central agencies even in the earlier stages, and the reasons are obvious."

"Rajeev Kumar, the IPS officer who investigated the scam as the head of SIT and who allegedly did not hand over all the relevant evidence to the CBI, can be the obvious ally in the cover-up. Naturally, Mamata did not want CBI to get into this for which she effectively staged and used the political drama. The optics that Chief Minister Mamata Banerjee wanted to convey are very obvious. She wants to play the victim

card to invoke Bengali pride by playing Centre vs State and most importantly, to establish herself as the most formidable challenger to the BJP and Prime Minister Narendra Modi (sic)," says the editorial. It also claims that the Congress is the biggest loser in this game, as it cannot afford to support or oppose Banerjee.

**BANGLADESH'S DEBT**  
AN ARTICLE IN *Organiser* claims that the stiff opposition to the Citizenship (Amendment) Bill 2019 by certain political parties, even after it went through the scrutiny of a joint parliamentary committee and its subsequent adoption by the Lok Sabha, is surprising. It asserts that on the whole, "this bill is an important initiative which would not only render justice to large number of persecuted children of Mother India but can also deliver a body blow to vote-bank politics."

"The people and parties of Assam have a special responsibility. History will not forgive them if they fritter away the advantage of this momentous initiative because of their myopic views," the article counsels. It adds that the government would do well to enlist Bangladesh's support for the effective implementation of the Bill. From time to time, the Bangladesh prime minister has expressed gratitude for India's help to her country's liberation struggle. India has continued its "good gestures" ever since, through various measures such as giving

more than its fair share of Ganga waters through the Farakka barrage, investments in connectivity projects, lines of credit of a few billion dollars, conceding larger areas to Bangladesh in exchange for border enclaves, etc.

"In return, India can make a legitimate request to Bangladesh to help with the repatriation of her people. Friendship cannot be a one-way traffic. Moreover, her help would also be critical to ensure that the outflow of religious minorities is prevented in future. If the Bangladeshi government is not confident of stopping persecution of its minorities by the extremists, both countries may work together in finding 'out-of-the-box' solutions to the problem," reads the article.

The article also asks the "agitating people of Assam" to consider the fact that most political parties who are opposing the Bill have been opposing the National Register of Citizens (NRC) as well. "These parties want 'status quo' in the state at any cost. Further, there is widespread notion of manipulation of 'legacy data' on ground. If it is true, the NRC may not address their concerns," the article claims and adds that "the Centre has a well-thought out holistic plan to protect the interests of Assamese people against the "demographic invasion" from Bangladesh.

**CONGRESS CONSPIRACY**  
THE EDITORIAL IN *Panchjanya* suspects a political conspiracy behind the recent incident

in Aligarh, where a saffron-clad woman — allegedly a leader of the All India Hindu Mahasabha — on January 30 pumped three bullets into a poster of Mahatma Gandhi. The Aligarh police subsequently made arrests in the matter. The editorial condemns the act and adds that it might be a political conspiracy to discredit on saffron organisations. That this incident was meant to trigger political outrage could not be ruled out, given the timing of the act. It also claims that the Congress party "tried to blow the matter out of proportion with statements and agitations in protest to create outrage against the BJP and Sangh Parivar".

The editorial says that a provocative and condemnable act carried by a little-known Hindu organisation was used "against the political leadership of the country and its biggest social organisation". "This move is not new for Congress. It has used this move for generations, slandered Hindu society, divided society and conducted massacres to stay in power. What had happened after the assassination of Gandhi? Chitpavan Brahmins were killed by Congress hooligans in Maharashtra. Congress leaders and workers were found indulging in the killing of Sikhs after the assassination of Indira Gandhi in 1984," alleges the editorial. It suggests that there is a need to be wary of such cheap propaganda at the time of elections.

Compiled by Lalmani Verma

## LETTERS TO THE EDITOR

**POPE LEADS THE WAY**  
THIS REFERS TO the editorial, 'When the road darkens' (IE, February 9). Pope Francis's acknowledgment of the sexual offence charges the Church is facing is a positive sign for Christianity. Whenever any wrong happens, the best way to deal with it is to accept mistakes and take corrective actions. Cover-ups do injustice to victims and the religion.  
**Nishant Parashar, Chandigarh**

**POLITICS AND LAW**  
THIS REFERS TO the article, 'Shadow boxing in Kolkata' (IE, February 9). The Centre-state row ensued after the CBI officers were barred from entering the Kolkata police commissioner's residence by the state's police. There is little doubt that both the CBI and Bengal police have now become the unfortunate victims of the political needs of the Centre and state governments. It appears that for both the issue became a matter of prestige. Mamata Banerjee is likely to gain substantial political capital by calling the acrimonious face-off with the Centre an assault on Bengal.  
**Lal Singh, Amritsar**

**IN-TRANSIT PEACE**  
THIS REFERS TO the editorial, 'Welcome step back' (IE, February 7). The VHP's decision to defer any Ram Mandir agitation appears to have been arrived at

**LETTER OF THE WEEK AWARD**  
To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to [editpage@expressindia.com](mailto:editpage@expressindia.com) or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

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to avoid politics on the issue. For the last few years, there has been a concerted move by headline Hindu groups to build pressure for the Ram Mandir. But the Sangh parivar may have realised that building a crescendo around the Ram temple could prove counter-productive for the Modi government. However the temple issue will remain relevant.  
**PL Singh, Amritsar**













**INDIA'S SUBSTANTIAL DEPENDENCE** on crude oil imports to meet the growing domestic energy demand is making the economy vulnerable to volatilities in international crude oil prices. The steep increase in crude oil prices during the first half of the current financial year has not only drove the trade and current account deficits (CAD) significantly wide, but also turned on the rupee highly volatile. Indian basket crude oil prices have witnessed a steep 25% increase between April 2018 and October 2018. Consequently, the rupee depreciated by 13% from about 65 levels in March 2018 to a high of 74 per dollar in October 2018. The depreciating rupee makes the imports more costly, pushing the CAD into a 'spiralling effect'.

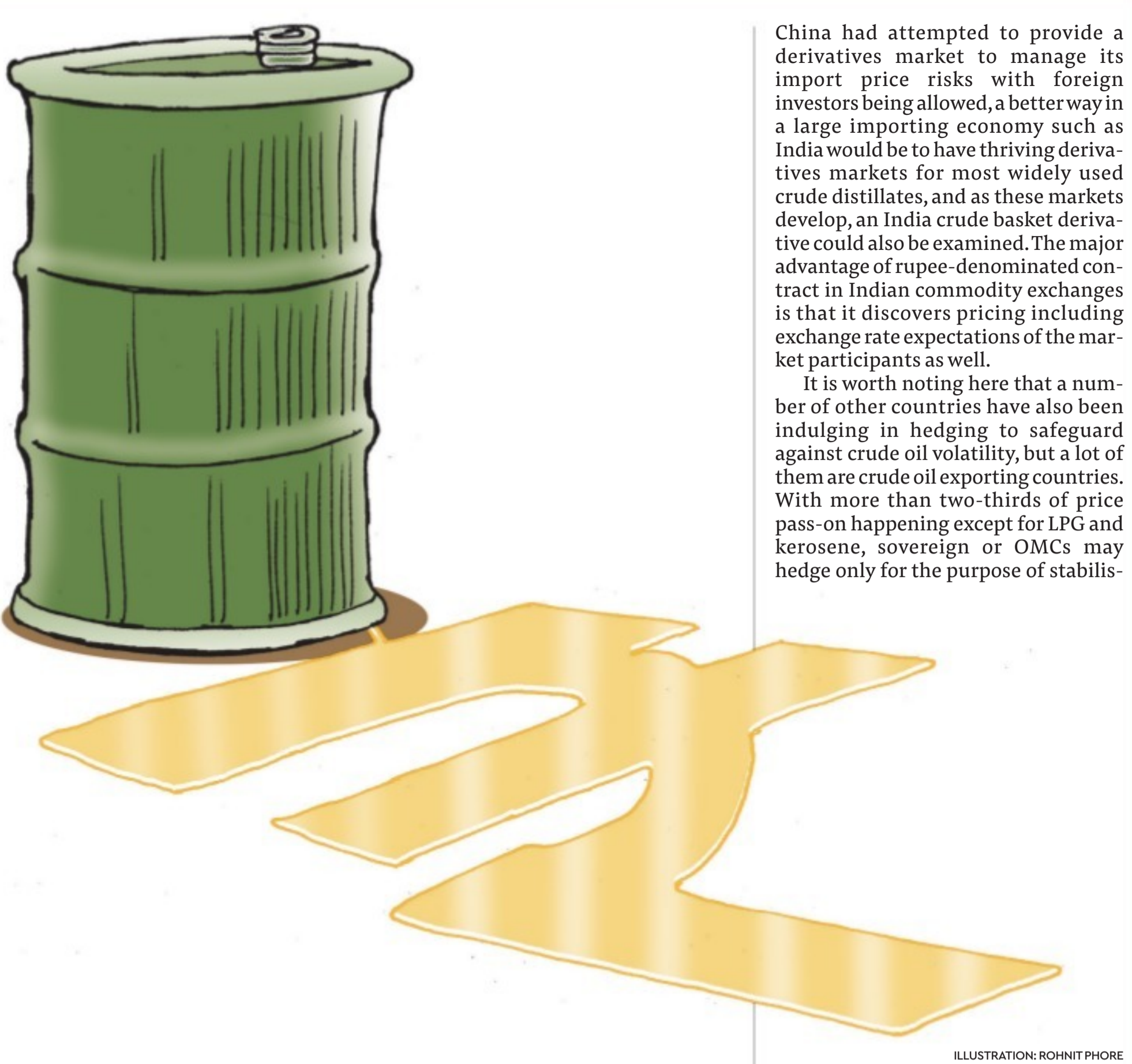
At an average price of \$71.7 per barrel, the import bill of crude oil during the first three quarters of this financial year (April-December 2018) has risen by about 65%, compared with the same period a year ago. At the same time, the crude oil imports in quantity terms have increased only by about 4%. With crude oil being the single largest commodity import bill, it had resulted into a significant increase in the CAD to 2.7% of GDP during the first half FY19, from about 1.8% a year ago.

In addition to the currency effect, the steep rise in crude oil prices is likely to have a considerable impact on the fiscal deficit through increase in petroleum subsidy for LPG and kerosene, which is budgeted at 0.14% of GDP for FY19. The rise in crude oil prices can increase this subsidy burden and hence impact the fiscal discipline as well. The central bank publication, Mint Street Memo #17 of December 2018, estimates that for a \$10 per barrel increase in crude oil prices, it will increase the fiscal deficit by 0.43%.

Apart from the direct impact, the rise in crude oil prices also has an indirect impact on a number of sectors of the economy through increase in input costs, as petroleum products are major raw materials for all the stakeholders of the economy, including agriculture. Further, as the prices of petroleum products such as diesel, petrol and aviation turbine fuel (ATF)—a major cost to the transportation sector—are passed on a daily/monthly basis, it will add to inflation. Petroleum products such as naphtha and petcoke, which are important feedstocks for fertiliser and cement industries, add to the cost increase and hence indirectly nudging inflation.

With the pass-on of more than 75% of the product burden, in terms of daily petrol, diesel, ATF, fuel oil, etc, oil marketing companies (OMC) do not run the risk with the global market volatility. There are two ways we can think of insulating us from the global crude market volatility; one way is through OMCs stabilising their import costs and pass on those benefits to the economy by way of stable and low prices in a rising market. The other way is to make daily price benchmarking—as is done by OMCs currently—as transparent and tenable as possible so that derivative products on it can be launched to help consumers manage their risks in those products.

For the risks to be mopped off the economy, markets with crude distillate derivatives should have foreign portfolio investors as well. As the domestic derivatives markets develop and discover the product prices in advance, it will provide purchasing price indications to OMCs, thereby strengthening the market linkages between consumer expectations and raw material pricing, which otherwise literally does not exist in the current markets. While



China had attempted to provide a derivative market to manage its import price risks with foreign investors being allowed, a better way in a large importing economy such as India would be to have thriving derivatives markets for most widely used crude distillates, and as these markets develop, an India crude basket derivative could also be examined. The major advantage of rupee-denominated contract in Indian commodity exchanges is that it discovers pricing including exchange rate expectations of the market participants as well.

It is worth noting here that a number of other countries have also been indulging in hedging to safeguard against crude oil volatility, but a lot of them are crude oil exporting countries. With more than two-thirds of price pass-on happening except for LPG and kerosene, sovereign or OMCs may hedge only for the purpose of stabilis-

ILLUSTRATION: ROHNIT PHORE

**V SHUNMUGAM & TULSI LINGAREDDY**

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# Crude oil and currency in locksteps—what is the way out?

There is an urgent need to develop a derivatives market for petroleum products, and in order to do so, the underlying physical market would have to move towards daily transparent pricing

**It's an effective way out for economic stakeholders to protect themselves against volatility that arrives on the shore along with the imported crude**

ing their purchases to pass on the benefits. Under such a scenario, a suitable way, as discussed above, would be to protect against the crude market volatility through active hedging by instruments using suitable derivatives instruments such as futures and options on petroleum products, to which they have exposure, rather than OMCs or sovereign to hedge and pass on the benefits.

In this regard, there is an urgent need to develop a derivatives market for petroleum products, and in order to do so, the underlying physical market would have to move towards daily transparent pricing, if not to an ideal requirement of these products traded in an organised/regulated spot exchange platform. While these markets develop as and when they are allowed and benchmark spot prices for crude products emerge out of them, exchange traded of futures and options contracts on petroleum products such as diesel, petrol and ATF may provide an opportunity for consumers to effectively hedge and protect themselves against the risk arising out of adverse volatility in international crude oil prices. It's an effective way out for the economic stakeholders to protect themselves against volatility that arrives on the shore along with the imported crude.

# Onus on banks to deliver benefit of rate cut

**K SRINIVASA RAO**

Director, National Institute of Banking Studies & Corporate Management, Noida. Views are personal



**P**ROMPTED BY LOW inflation sentiments and evolving macroeconomic configuration, RBI in its sixth bimonthly monetary policy had cut repo rate by 25bps, bringing it down to 6.25%. A quick reversal of interest rate cycle in just 18 months comes at a time when the economy needs pump priming. A more important and widely expected move is the unanimous change in its monetary stance from 'calibrated tightening' to 'neutral' to bring about flexibility in interest rate movement. It paves way for a crucial change of mindset of market players that can accelerate growth. It can also trigger a positive outlook with further rate cuts in the near term.

Despite continued volatility in external sector and upside risk to crude oil prices, inflation is expected to be within the comfort level of RBI's glide path of 4% with a band of +/-2%. Though food prices may see an uptick in the coming season, inflation may not touch threatening levels. Retail inflation having gone down to 2.8% in March, the RBI outlook is now recast to a range of 3.2-3.4% in the first half of FY20 and 3.9% in its third quarter with risks evenly balanced.

Macroeconomic indicators show early signs of growth that can be capitalised with appropriate policy action. The annualised IIP is down to 2.6%, while capacity utilisation in the manufacturing sector is showing a shade higher at 74.8% in Q2, up from 73.8% in Q1. The GVA during the year is expected to be 7% in FY19 compared to 6.9% in FY18. Productivity in agriculture can be placid where shortfall in 'rabi' sowing is to be offset by extended periods of cold weather boosting wheat yield. The RBI Industrial Outlook Survey for Q3 indicates weakening demand conditions in manufacturing, while the Business Expectations Index points towards improvement in Q4. Similarly, the uptick in manufacturing PMI for January 2019 is stacked with increased output supported with new orders. Investment activity is on a recovering edge mainly by the surge in public spending on infrastructure.

Trade deficit from April-November has been struggling, but net FDI inflows during the period inched up compared to corresponding period of the previous year. Foreign portfolio inflows, too, rebounded in November-December. The combined impact helped foreign exchange reserves to cross the psychological mark of \$400 billion. Based on such readings, RBI has projected GDP growth in FY20 to be at 7.4%. It should range between 7.2-7.4% in H1 and 7.5% in Q3.

When RBI policy review is seen together with the Interim Budget leaving more cash with the farm sector in Q4 and the revival in demand for credit, banks can tap business opportunities to post a better turnaround. The year-on-year growth of deposits up to January 18, 2019, is 9.7% as against 4.6% during the corresponding period of the previous year.

With three state-owned banks out of the Prompt Corrective Action and the recent spate of capital infusion, banks can accelerate flow of credit to trade and industry to support growth. The increase in the collateral-free loan to the farm sector from ₹1 lakh to ₹1.6 lakh can benefit small and marginal farmers. More than passing on the benefit of lower interest rates, accelerating bank credit will be significant.

The relaxation in the end-use of ECBS will enable repayment of rupee-term loans of target company by resolution applicants in the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code. It can hasten stressed asset resolution to bankruptcy such funds to stimulate credit. The onus is now with banks to deliver benefits of RBI policy move to stimulate growth.

**With three PSBs out of PCA and the capital infusion, banks can speed up flow of credit to trade and industry to support growth**

# The language of shapes

Do straight lines belong to men, curved ones to God?

**SONALI WASAN SARIN**

The author is an experienced professional in the consumer insights and analytics domain



**I**T ALL STARTED WITH the long drive on a rainy day. I was engrossed in my favourite pastime—a meditation of sorts, if you may call it. With my face extendedly fixed on the window sill and the wind hitting it, I indulged myself in the beauty of greens melting into the blue sky. There was suddenly a feeling of those rooted steadily in the earth, having their moment of glory intermingling with the heavenly counterparts.

And in this period of rumination, came a fresh 'whiff of thought'—why do most things in nature come sans corners? Why do we see God's creations being oval, round, curved, but seldom perfect squares or triangles? Perhaps a spiritual message that imperfection can also be beautiful. But maybe something more and let's keep that for my next rumination session.

While I later found that there was a scientific logic behind the ovals and spirals in nature, there are certain messages in the 'language of shapes'. Most of the curves are feminine in nature and signify harmony, commitment, safety, continuity and completeness, while squares, rectangles and triangles give a more 'mathematics' feel and hence are linked to balance, practicality, purpose and rationality.

guage of shapes? Looks like the answer is affirmative, with a lot of psychological theories such as the Gestalt theory governing the design elements and a huge amount of research going into 'sensory priming' or the technique by which exposure to one stimulus subconsciously triggers subsequent stimulus and associations in memory. To explain, I will take an example from my life—dark clouds and rains prime me to go into a 'happy thinking mode'. They clearly take me back to my childhood days when I use to write poetry, especially during rains. I know most people are primed to sleep when it's cloudy and that's the difference in how each individual reacts basis multiple associations in the brain.

Let's link this 'language of shapes' to logos. Logos of financial and insurance companies such as Deutsche Bank, American Express, Visa, Citibank, Wells Fargo use squares to depict trust, stability and safety. Also, in a few cases, squares are used

to convey power and confidence—as in the case of BBC and Microsoft. But at the same instance, squares can be perceived as standard, boring and those that lack innovation. In order to beat that feel, Microsoft makes good use of colours, which depicts diversity and freshness.

While square and rectangles depict humanness, triangles break the barrier of boring and provide a unique combination of focus, power and innovation. Construction, technology, law, finance and a few banking companies use it. A few notable examples being DLF, Caterpillar, Delta, Axis Bank, Reliance Communications, and Google Drive and Google Play.

A quick scan through your memory will indicate that the logos of BodyShop, Johnson & Johnson, and Forest Essentials are ovals or circles—best used to indicate completeness. While beauty product brands such as Lakme, MAC, L'Oréal, Estee Lauder all use rectangles and squares to depict the safety associated with the brands.

Not only logos, but shapes play an important part of your product and packaging shape as well. If you revisit the games we played as children—chess, Lego, Chinese checkers, gallery probed the mind towards rationality, unstructured games such as ring-a-ring o' roses, dark room and others involved continuity. Before I end this article, I would want to leave you with a thought—why are TV, mobile screens, furniture, shampoo bottles, as well as video game visualisations moving towards curvilinear and softer shapes?

Maybe as Antoni Gaudi, the great architect, said, "The straight line belongs to men, the curved one to God."

# What happens when your bitcoin banker dies?

Apparently you can take it with you after all

**B**ITCOIN WAS INTRODUCED to the world in August 2008, in the aftermath of the financial crisis. According to its technolibertarian fan-base, one of its main attractions was the promise that users could avoid dealing with the hated banks. But after a decade of amateurism, scams and billions of dollars of lost or stolen money, it is clear that many of the ramshackle institutions that play the role of banks in the cryptocurrency world make even their most reckless conventional counterparts look like paragons of good management.

The latest example is QuadrigaCX, a Canadian cryptocurrency exchange that was granted protection from its creditors on February 5. The problem, according to the firm, is not that it has lost its customers' money, but that it cannot get to it. It says that Gerald Cotten, its boss, died unexpectedly in India in December.

Few banks would be brought to ruin by the death of a single member of staff. But QuadrigaCX says that Mr Cotten was in sole charge of handling deposits and payouts, running everything from an encrypted laptop to which only he knew the password. In court documents, Mr Cotten's widow says that "despite repeated and diligent searches, I have not been able to find (the passwords) written down anywhere." QuadrigaCX's 90,000 customers cannot get to around C\$180 million (\$136 million) of bitcoin, Litecoin, Ethereum and



various other cryptocurrencies stored on the exchange. One is thought to have lost access to C\$70 million worth of cryptocurrency.

Discussion of QuadrigaCX online is a swamp of anger, amateur detective work and conspiracy theories. The firm seems to have been in trouble for a while; in January 2018, the Canadian Imperial Bank of Commerce froze C\$28 million held by Costodian, QuadrigaCX's payment processor. The bank tried repeatedly to contact Mr Cotten, to no avail. There are other curiosities. A screenshot supposedly showing a death certificate issued by the government of Rajasthan mispells Mr Cotten's name. Experts consulting bitcoin's public transaction register have struggled to identify the inaccessible deposits. Jesse

Powell, the boss of Kraken, another cryptocurrency exchange, said on Twitter that QuadrigaCX's story was "bizarre and, frankly, unbelievable."

This is not the first time that large amounts of cryptocurrency have been inadvertently removed from circulation. James Howells, a British cryptocurrency enthusiast, amassed 7,500 bitcoins in 2009, when they were nearly worthless, before throwing away the hard drive on which they were stored. By 2013, they were worth millions of dollars. Mr Howells's attempts to recover his hard drive from a Welsh landfill failed. Chainalysis, a firm of cryptocurrency watchers, reckons access to 2.78 million to 3.79 million bitcoins has been lost in similar circumstances. Since the way bitcoin is designed caps the number of coins at 21 million, that is 13-18% of all bitcoins that will ever exist.

The cryptocurrency world has seen bigger collapses than QuadrigaCX's. The biggest was MtGox, which was responsible for around 70% of all bitcoin transactions when it went bust in 2014 after the theft of 850,000 bitcoins, then worth \$450 million. Like QuadrigaCX, it had been run on a wing and a prayer. Some exchanges are better than others, says David Gerard, a cryptocurrency-watcher and sceptic. But too often storing cryptocurrency on an exchange is little better than "keeping your money in a sock under someone else's bed."











