The job market paradox

More education has not translated into more working women in India

HUMAN FACTOR

SHYAMAL MAJUMDAR

The sharp drop in India's female labour participation rate is bad enough; what makes it worse is that the decline is faster in rural areas. The other worrying factor is most of those who work are doing so in subsidiary or more marginal employment. This has a twin effect: The pay is often poor in relation to the working hours, which in turn reduces the incentive to carry on with the job.

The findings shouldn't come as a surprise. An estimate made by the US Population Division says India's women labour participation rate is only higher than Fiji's in a list of 14 Asia-Pacific nations. To put things in perspective, countries like Bangladesh are far ahead of India, mainly because of the progress made by the organised garment industry. The lot of women workers in Bangladesh has, in fact, been improving dramatically. The female share of the labour force in the export processing zones (almost 72 per cent) in Bangladesh exceeds that of Malaysia and is almost as high as Korea and the Philippines.

There are several social factors at work for the low participation of India's women in the workforce. Societal expectation of women's role as caregivers and caretakers of the household often mean that women who seek work encounter opposition from their peers and families. There are other factors, too. In a survey conducted by Sakshi, a non-government organisation that works in the area of gender justice, 80 per cent of respondents said sexual harassment existed at their workplace and 53 per cent said men and women did not have equal opportunities at work.

One of the major shortcomings of India's talent pool is the conspicuously low participation of highly-educated women in economic activities. It's fairly obvious that more education has not translated into more working women in India. The research has indeed shown that there is a negative relation between women's workforce participation and education levels — as the education level increases, workforce participation decreases. So illiterate women are more likely to be employed than educated women. That's because the nature of economic growth in the country has meant that jobs have not been created in large numbers in sectors that can readily absorb women. For example, while women represent around 38 per cent of enrolment in higher education, their workforce participation rates remain much lower even in urban India. This low engagement arises from the low quality of many jobs offered to women and India's societal structure. For example, the Sakshi survey shows that nearly two-thirds of women in manufacturing are employed as production operators or manual workers. Even in the service sector, women are concentrated in clerical, sales and services jobs that are traditionally regarded as female occupations.

An International Labour Organization study brings in an interesting angle. Despite inadequate job creation, household incomes did rise, but this potentially reduced women's participation, especially in subsidiary activities due to change in preferences. The main reason cited for this is the other income effect: The greater the income women's households had apart from their own earnings, the lower the chances of the women being in the labour force.

Though the situation is better in urban areas, India, in fact, sees the highest drop in representation of women from junior to middle-level positions, unlike several other Asian countries where such a drop occurs from middle- to senior-level positions. This, in turn, impacts the supply line for higher levels. Data shows almost one-third of women employees have not resumed work in the absence of a support system at home to take care of the child. This, in turn, disproves the hypotheses that organisations have any control over women's decision to exit/re-enter the workforce. Flexible work policies or extended leave can, at best, be a minor enabler for those who possess career aspirations in a situation where close to 78 per cent of eligible female graduates choose not to participate in the organised workforce.

The irony is that Chinese women are much more likely to be in the workforce despite that country's lower percentage of skilled women in the total population. This is because workforce participation rates are twice as high for Chinese women as they are for Indian women.

Indian companies have no way out but to facilitate this change. This would mean looking away from the nine-to-five system of work hours; or setting up a day-care facility for employees' children; or other family-friendly benefits such as flexible work schedules, telecommuting, family leave and job sharing. Most importantly, this would require a change in mind set — no job can be gender-specific.

CHINESE WHISPERS

Handshake after survey

TWITTER: @BJP4INDIA

The Shiv Sena and the Bharatiya Janata Party conducted an internal survey in January that revealed that it was in the interests of both to go together in the upcoming general elections. The internal survey, which summarised the views of party workers and the district leadership, also revealed that the two parties might struggle to hit the double-digit mark if they decided to go alone. Maharashtra sends the largest number of MPs to the Lok Sabha after Uttar Pradesh. The BJP-Sena alliance, which included the Swabhimani Paksha's Raju Shetti, won 42 of the state's 48 seats in 2014. Shetti is now with the Congress-led United Progressive Alliance.

Everyone's welcome

The Congress party headquarters on Thursday was abuzz with the news that a leader from Haryana with a significant following could be joining the party. Supporters of that leader crowded the lawns of the headquarters and journalists also trooped in to cover the news. During the event, Rao Kamalbir Singh, who heads the Janata Dal (United) in Haryana, joined the Congress and was welcomed by the party leadership. The JD (U) is virtually non-existent in Haryana and few had heard of Singh. Sensing that the gathering was rather flummoxed by the hullabaloo, Congress leader Ghulam Nabi Azad said in his speech that Singh was the brother of Haryana BJP leader Rao Narbir Singh. Congress leaders also let it be known that the new entrant was related to Loktantrik Janata Dal leader Sharad Yadav.

Change in mood and venue

After their public meeting at Jantar Mantar on the last day of the Budget session of Parliament on February 13, where Opposition leaders attacked the Narendra Modi government unsparingly, their parties had decided to meet again on February 26, and also hold a public rally. The initial proposal was to hold a closed-door meeting and a public rally in Guwahati. The venue was then shifted to Ranchi and finally to Mohali. However, the Congress and others soon reached a consensus that a public meeting at this juncture might not be advisable, and that Opposition leaders needed to sit together to assess the public mood after the Pulwama attack. They will now meet in New Delhi's Parliament House Annexe on February 26, and there will not be any public rally. The official reason for cancelling the meeting in Mohali, and shifting the venue to New Delhi, has been cited as inclement weather in northern India. However, the nervousness in the Opposition camp, which was, until recently, confident of stopping the BJP juggernaut, is palpable.

Why cut off one's nose to spite one's face?

Blind categorisation of OTTs with TSPs is damaging as the two are fundamentally different

T V RAMACHANDRAN

India is fast emerging as one of the top OTT (over the top internet applications) markets in the world. By 2020, it will be the second largest online video viewing audience globally. Amazingly, rural India constitutes 65 per cent of the video consumption despite rural net connectivity being only 40 per cent. Growth prospects are therefore impressive. We are already one of the leading countries in app downloads with over 12 billion in 2017 and exponentially rising (EY). Rabid consumer demand for YouTube, Netflix, Hotstar, Saavn, and other OTT content providers resulted in exponential growth of mobile phone and data usage — and the big beneficiaries of this boom are the telecom service providers (TSPs) themselves since OTTs are an essential and increasingly important element of the broadband value chain.

We consumed the highest data globally last year — the per day rate being 10 per cent higher than China's and nearly 50 per cent higher than the USA's. All this largely because of the humungous data demand pull from OTTs available on 4G. Innovation in OTTs has led to a rich and diverse internet, stimulating broadband demand and leading to operators deriving higher revenues through expanded and upgraded networks. After all, OTT apps can only be accessed through TSP networks. Sixty five per cent of Indians are still without internet access but the demand for OTT-delivered services is at an all-time high. If TSPs invest in expanding the reach of critical infrastructure to deliver internet services to these new markets, they will reap huge revenue benefits.

Telcos need a symbiotic partnership with OTTs instead of an adversarial one. If the Telecom Regulatory Authority of India (Trai) and the government continue to extend a light-touch regulatory approach to OTTs, they will encourage a win-win-win situation for Indian consumers and therefore the economy, the TSPs and the OTTs alike. One would logically expect all-round cooperation between the partners. Alas, the situation on the ground is different and therein lies the rub. In the prevailing noise, many important facts tend to be missed.

Incumbent TSPs strangely want OTT services such as WhatsApp, Netflix, Saavn, and YouTube to be regulated under the same licensing regime that applies to them. Their contention is that since consumers tend to prefer the rich modern messaging over the obsolescent SMS, and Hotstar and YouTube over cable TV, they are comparable products/services. However, this erroneously overlooks the vast and critical differences between the two categories. This is akin to demanding that a bullock cart be subject to the same taxes and regulations as a Mercedes car as both travel on the same road.

In just over four years, OTT players have invested over $300 billion in internet infrastructure globally. And 90 per cent of this is towards building large data centres and equipment in third party colocation facilities

TSPs make the highly flawed claim that the Indian Telegraph Act licensing applies to OTTs. A simple reading of the Act would show that the Act and licensing apply only to entities that operate communication networks. OTTs clearly fail this test and are anyway governed by the IT Act. The Telegraph Act discusses the "privilege of establishing, maintaining and working telegraphs" in a clear definition. Effectively, this means that licensing etc would apply only to entities that operate communication networks.

TSPs enjoy a powerful portfolio of precious privileges like interference-free spectrum, interconnection, right-of-way for laying networks, numbering resources, freedom to set commercial or viable tariffs (tariff forbearance) etc. OTTs have none of these — in fact, they are exposed to virtually no entry barriers, unlimited competition and offer near-free services to end-users. It is naive to claim 'same service, same rules' when the services are so utterly different.

There are other serious complexities too. Many OTTs offer a multitude of services and the innovative ways in which consumers use them create extremely blurred contours. What if someone edits a document online? Is this a communication service? Probably not. What if they multitask and chat on the same document-editing platform? Does that company now become a "communication service" provider? A licence raj in these circumstances will lead to a very confusing landscape for both TSPs and OTTs to navigate, and virtually impossible to administer/regulate.

The TSPs' contention that OTTs are not burdened by capital-intensive investments is also completely incorrect. In just over four years, OTT players have invested over $300 billion in internet infrastructure globally (Analysys Mason). And 90 per cent of this is towards building large data centres and equipment in third party colocation facilities — all critical digital infrastructure for our future.

Interestingly, TSPs have themselves started partnering with OTT services to gain a competitive edge. This current TSP-OTT partnership model, in fact, empowers the birth of more small businesses and startups due to its cost effectiveness. The TSP business model has also changed to focus on data packages — even offering free SMS and phone calls as part of a bundle.

"Knowledge is knowing that tomato is a fruit. Wisdom is not putting it in a fruit salad." Blind categorisation of OTTs with TSPs is damaging as the two are fundamentally different. Imposing heavy licences on OTTs stifles innovation. OTT services are in tremendous demand and are key drivers for data usage and mobile adoption. To push for greater regulations on OTTs is like cutting off one's nose to spite one's face.

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INSIGHT

How podcasts are making smartphones 'smart'

Podcasts are no longer a quaint US phenomenon designed for a nation that spends a lot of time driving around and waiting for traffic signals to change

AMBI PARAMESWARAN

My first exposure to a podcast was a few years ago when we took a road trip in the US. The person driving us was a hard core NPR (National Public Radio for the uninitiated) fan and insisted that we listen to a talk show on NPR instead of rock or jazz or any other form of music. I dismissed podcast as a quaint US phenomenon designed for a nation that spends a lot of time driving around and waiting for the signal to change.

Early last year I got exposed to the podcasting revolution brewing in our own backyard. I was invited to speak on the 'Play to Potential' podcast hosted by Deepak Jayaraman who gave up a lucrative career in consulting to become an executive coach. He runs his podcast as a pure passion play. Then there was an invitation from IVM podcast to appear on their very popular 'Cyrus Says' podcast with the one and only Cyrus Broacha. While I knew Deepak's session will be more close to where I was coming from, I admit that I did enjoy the irreverence of Cyrus and his take on advertising, books and leadership.

To my big surprise several people messaged me after listening into the Play to Potential podcast and the Cyrus Says as well. In fact one of the people who messaged me after the Cyrus podcast was a seasoned finance professional. I had to ask him, "You listen to Cyrus Says?", and he replied that he listens to interesting podcasts every day during his morning walks and Cyrus is a favourite.

But truly how big is the podcasting world? The podcasting revolution started in the US and the tipping point was the launch in October 2014 of the immensely popular podcast *Serial* which traced real life crime cases. Till date *Serial* has been downloaded 300 million times. That is an awesome number. Globally there are today more than 500,000 podcasts. And more than 64 per cent of Americans have listened to at least one podcast last year. In India too podcasts have been gaining ground. More than 300,000 people downloaded NPR podcasts last year in India.

Indian podcasting pioneers are expanding their own portfolio of offerings and garnering an increasing share of the more mature listener's ear. As they increase their listener share marketers too will want to ride on the podcast boom

Is there a market for Indian content? The likes of what Deepak and IVM/Cyrus are producing? It seems there are at least 1.05 million active monthly listens in India. And the number is growing. It is also interesting that almost 40 per cent of these listeners listen to the end of the podcast, as an *Economic Times* report quoting AudioBoom India says.

Some of the more popular podcasts in India are *Maed in India* by MaeMariam Thomas and *No Sugar Coat* from Pooja Dhingra and *Seen and Unseen* from IVM Podcast. There is also the potential offered by Indian language podcasts that is yet to explode.

What does the future hold? Where is the money going to come from? Multiple revenue models are under development including advertising, subscriptions, content marketing etc.

The *Fortune* magazine (September 15, 2016) spoke about the growth of podcasting in *Why Big Business Loves Podcasting*. They pointed out to four types of podcasting successes: eBay partnered with Gimlet Creatives to create a six-part series on entrepreneurship; Goldman Sachs produced an in-house podcast on topics such as e-commerce, interviewing their analysts; General Electric sponsored a sci-fi series on Panoply media about cryptologists decoding an alien signal; Netflix produced a promo piece on its series *Making a Murderer*.

FastCompany (July/May 2017) identified 10 great business podcasts saying "spend your lunch break with these tasty takes on work, culture, tech and other topics". They have included podcasts such as *Start Up* (Gimlet Media), *Planet Money* (NPR), *Working* (Panoply), *How I Built This* (NPR), *I Hate My Boss* (Wondery. How well this would fit with the old Naukri.com proposition of 'Hari Sadu'!].

What is triggering the podcast listenership? I was told that mature listeners are today getting bored with the standard fare churned out by our FM radio stations. The success of Saregama's Carvaan is a pointer in that direction. There is a big market out there that is not just satisfied with the Top 10 or Top 20 songs being played out endlessly. Our Radio FM stations are also looking at offering varied content, but as they say they tend to 'revert back to the mean' pretty soon. It is here that Indian podcasting pioneers are seeing an opportunity. They are expanding their own portfolio of offerings and garnering an increasing share of the more mature listener's ear. And as they increase their listener share marketers too will want to ride on the podcast boom. And we can expect to listen to more and more interesting content on our smartphones. And they will truly become 'smart' devices indeed.

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LETTERS

Rate cut impact

This refers to the report "Das, bankers may not be on the same page over passing rate cuts" (February 21). Let us face the reality. Time was when interest rates were regulated, but banks respected and listened to the Reserve Bank of India (RBI) sermons. Today, rates are deregulated and bankers know that the RBI is in captivity and is parroting the government of India's wishes without applying its own institutional mind. In such a situation, why shouldn't bankers take instructions directly from the finance ministry or from the politicians?

Coming to the facts and figures, the 25 basis point reduction in repo rate works out to just 4 per cent reduction in the rate. The banking system is availing of a negligible percentage of its total resource needs from the RBI. This explains the poor impact of changes in base rates on lending/deposit rates. Put bluntly, the use of the phrase "passing rate cuts" is fallacious. The five basis points token reduction, only for small home loans, by the State Bank of India following the rate cut is an example. Forcing banks to reduce both deposit rates and lending rates accepting the RBI's rate cut as a signal can have wide-ranging implications on other crucial variables including credit flow and inflation.

M G Warrier Mumbai

Broken window theory

In the 1990s, crime rates all over the United States declined dramatically. Experts tried to find the reasons. One cause was the hallmark judgment in Roe vs Wade that legalised abortions. Thus unwanted children were drastically reduced and as anyone knows an unwanted, uncared child soon takes to wayward ways starting from petty crimes to murder. But there was another factor, particularly in New York. The police started actively cracking down on petty crime, keeping the streets relatively free of teenage criminals. Even graffiti painters in trains were rounded up, as also those who jump the turnstiles without paying for the fare. The logic was simple — all criminals start with small crime like stealing, pickpocketing, using services gratis etc; when nothing happens to them, they become bold and graduate to drugs, assault, mugging and finally to rape and murder.

A similar situation is prevailing in Kashmir. Children start as stone pelters and finally land with a RPG launcher in their hands. Unless stone pelting and other small security-related crimes are nipped in the bud, you will have generations of terrorists hitting the streets. Let every arm of the state have a J&K camp in the midst of the most terror intensive places and let's see how these worthies wax eloquent thereafter.

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HAMBONE

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Reimagining Tata group

Bombay House needs to take a hard look at its strategy

Bombay House, the Tata group's headquarters, needs to come up with a new recipe for growth to keep the group on top of India's private sector league table. Consider the numbers: The group has always been over-dependent on Tata Consultancy Services (TCS), but that seems to have increased rapidly in recent years. In 2017-18, the software major accounted for over 90 per cent of the combined dividend income that Tata Sons received from listed group companies. Also, TCS made up for nearly three-fourths of the combined market capitalisation of the top 10 companies; this share was just about 60 per cent in February 2017, when Natarajan Chandrasekaran took over the reins at the group. This makes the group vulnerable, as volume growth in the global information technology services business is now down to single digits, making it tough for companies such as TCS to keep growing fast. So some of the other engines of the group have to start firing.

The only one to do that at present is Titan, which is the second-most valuable company in the group accounting for nearly 10 per cent of the combined market capitalisation of all group companies and ahead of much bigger entities such as Tata Motors, Tata Steel and Tata Power. Titan carved out its own niche without requiring much help from the holding company. There is an important lesson here for the Tatas, which exited several consumer-oriented businesses such as cosmetics, pharma, paints and soaps in 1991, as they didn't fit in with its then strategy of globalising to create world-scale companies. In a step towards reducing the group's dependence on India, the Tata group went on a series of overseas acquisitions, spending around $30 billion, buying nearly three dozen businesses. The strategy did pay off in terms of revenue growth, but the flip side was that they proved to be too costly. The acquisitions were largely funded by debt, the servicing of which continued to be a burden. In the last 10 years, the group has lost market share to rivals in steel, commercial vehicles, passenger cars, beverages, and hotels. The group is now a market leader only in IT services, commercial vehicles (with reduced market share), air conditioners, jewellery, watches and inorganic chemicals, including table salt.

Mr Chandrasekaran, who embarks on his third year as group chairman, seems to have realised the need for change. That explains his emphasis on reducing cross-holdings and the number of subsidiaries within operating companies. The group is also increasingly looking at home markets, as its strategy of going global has not yielded much returns. Some of the key decisions in his two-year tenure include the transfer of Tata Steel Europe (Corus) to a joint venture with Thyssenkrupp; exiting mobile telecom and selling oil and gas company Tata Petrodyne. But that may be just the first step. As the success of Titan and Voltas shows, a lot of the market value creation has taken place in the consumer sector with the proportion of consumption in India's gross domestic product rising over the past decade. Mr Chandrasekaran would need to target a higher share of the consumer's wallet through organic and inorganic routes in both the online and physical worlds. And for this he should focus on building strong domestic consumer-facing businesses. Among the other challenges he faces is turning around loss-making units such as Jaguar Land Rover and ensuring the right capital allocation for growing businesses.

Welcome, Train 18

The Railways should also focus on its structural weaknesses

The engine-less Train 18, formally called the Vande Bharat Express, which was flagged off by Prime Minister Narendra Modi on February 15 is a salutary achievement of the Indian Railways. Built at an estimated cost of ₹100 crore, Train 18 (so named to highlight the year of its manufacture — 2018) is a self-propelled, semi-high speed train that has been manufactured at the Integral Coach Factory in Chennai under the Make in India scheme. What is remarkable is that it was built in just 18 months, and 80 per cent of the components for the production of the train have been procured indigenously. Train 18 has quite a few stellar features that make it the most advanced train, not to mention the fastest (with speeds up to 180 kmph) on Indian tracks. For instance, the train is equipped with rotating seats (that can be aligned in the direction of travel), zero discharge vacuum-based toilets, modular luggage racks with a glass bottom, emergency talk-back unit, CCTVs and digitised sliding coach doors. In terms of conveniences, too, the train blazes a trail with the availability of Wi-Fi, GPS-based information screens, LCD TV (in the executive class) and intelligent air conditioning.

The induction of Train 18 should bolster the Railways' confidence as it aims to overhaul how train travel happens in the country in the future. Railways Minister Piyush Goyal has already set a target of 130 more such trains. The second train of this kind is expected to be rolled out in March and 10 more will be inducted in the next fiscal year. While the Vande Bharat Express is supposed to replace the ageing Shatabdi Express for inter-city travel, plans are also in motion to unveil a sleeper-class version of Train 18 for long-distance travel. This version, which is expected to be ready by the end of 2019, will replace the Rajdhani Express over time.

While these are promising developments and the Indian Railways deserves credit for them, it should not detract policymakers from redressing some of the structural weaknesses of the railways. Even the Vande Bharat Express' performance has suffered because of them. For instance, in the initial commercial runs, the train has already met with a few accidents — such as hitting a stray cattle and an errant biker — and has been running much slower than expected. The problem is track congestion. Thanks to the tardy progress in track renewal, some rail routes run up to 150 per cent of their capacity. It has been reported that for the current year itself, the target for laying new lines has only been met up to 21 per cent. The targets for doubling and gauge conversion were met only up to 46 and 21 per cent, respectively, by November. What makes these slippages worse is the delay in the completion of the dedicated freight corridor. Unless cargo trains are kept out of passenger train tracks, Train 18-type fast trains will not be able to run fast. Another area that needs greater attention is the development of suburban railways.

ILLUSTRATION BY BINAY SINHA

Jobs can wait ... or can they?

Job creation is crucial for peace to return to the Valley, even though it has taken a back seat in the wake of the Pulwama attack

INDIA'S WORLD?

NAUSHAD FORBES

Our key national priority, all agree, is jobs. The pages of this newspaper have recently seen several articles by past and present members of the National Statistical Commission arguing over the accuracy of its own report on employment. The headlines have seen claims of job creation by members of the government matched by taunts of job destruction by the Opposition. Until, last Friday. Since then, our headlines, and even more the TV news, have been dominated by the terrible attack on the CRPF in Pulwama. This column was, until Friday, going to be about Jobs. It is now about Kashmir. Jobs, it seems, can wait.

This column is not about the tragedy of the 40 CRPF men killed in the attack, about young lives cut terribly short, families devastated, and potential squandered. It is also not about the futile search for vengeance, which would be even more tragic in its consequences. And it is definitely not about the high-volume political rhetoric of competitive nationalism. It is about the tragedy that is Kashmir. The Kashmir Valley is, by any yardstick, amongst the most beautiful spots on earth. The magnificence of the scenery in Srinagar, Gulmarg or Pahalgam combined with crafts of wood-carving, carpet weaving, woolen embroidery and papier mache make the state of Jammu and Kashmir a tourist paradise. As a child, Kashmir was our favourite family holiday location — we visited regularly until 1989, and then not at all until 2011, after which we made three visits.

Some years ago it seemed that Kashmir was limping back to normalcy. Tourists had returned to the Kashmir Valley by the thousand, and this was helping the economy enormously. Employment was being created for the first time in two decades, giving the young some hope for the future. A wonderful Confederation of Indian Industry (CII) initiative in 2011 and 2012, Project Udaan, brought a few hundred MBA and engineering students from Kashmir to visit industries in Mumbai and Pune. While those of us who hosted the students in our firms believe we fascinated the students with our technology and impressed them with the brilliance of our management, they told us what they enjoyed most was visiting shopping malls and multiplexes for the first time in their lives.

And that's the point. The great bulk of the human population wants first and foremost to get on with their lives. They want a decent livelihood, a satisfying job, and a future for their children that looks better than their own. On our first visit to Srinagar after the first CII student programme in 2012, my brother and I interviewed half a dozen MBA students for jobs with us in Pune. As we chatted with them, the conversation turned to how they saw India, Pakistan, and Kashmir. The answer was strikingly clear: The students all saw their future in India. They did so not because of any moral attraction or legal position dating back to 1947. They did so because of the Indian economy. India was booming at that time, they saw in us a future they wanted to be a part of. Pakistan was just not a consideration. Now, the nationalist in us maybe indignant that they were attracted by so base an instinct as economic opportunity, but the attraction was more real and substantive than anything else. It is the same instinct that has taken the Indian-born population of the United States from under 1 million in 1980 to over 3 million today, the great bulk of whom have become US citizens (and whose economic success funds some of our most nationalist political organisations in India). This powerful instinct connects nationality with economic potential and opportunity.

Those MBA students we interviewed are not typical. Thanks to their education, and the CII initiative, they were the lucky 5 per cent in the Valley with an opportunity that 95 per cent of their less fortunate cousins did not have. But that, surely, is the long term solution for Kashmir. To invest in good schools and colleges in Kashmir that grow the right human capital and teach the right values along the way. To ensure through political rapprochement that a semblance of peace returns to the Valley, and with it hundreds of thousands of tourists that put people in employment. To open our schools and colleges across the country even more to students from Kashmir. And to actively recruit young graduates from Kashmir in our industry. I look forward to an election campaign that focuses on how we will create vibrant opportunity for 95 per cent of all Indians, including those from Kashmir. In the end, actually, jobs can't wait.

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Venezuela isn't just a failed state

TYLER COWEN

Venezuela careens toward a further economic and political collapse, the blame game is heating up. In the US, Republicans are labelling the country "socialist," using Venezuelan problems as a weapon against more left-leaning Democrats. Commentators on the left, in contrast, are arguing that Venezuela is more of a failed petrostate with bad leadership, rather than a test of socialist ideals. Who is right?

If we look at government spending as a percentage of GDP, Venezuela seems far from socialism. In recent years government spending in Venezuela has been measured at about 40 per cent of GDP, with the caveat that these statistics are not fully reliable. For the US, the corresponding figure is about 37 per cent.

Yet emerging economies typically cannot afford the same government programmes as wealthier countries, and they cannot run them with the same efficacy. Poorer countries that try to expand their governments to size of wealthier countries, such as Brazil and Venezuela, typically encounter subpar economic performance. These are indeed stories of big government run amok, as some of conservatives are suggesting.

Furthermore, rates of change are important. The Venezuelan figure of about 40 per cent is up from about 28 per cent in 2000, a very rapid increase. By boosting government spending so quickly, the Venezuelan government was sending a message that the key to future riches is courting government favour, not starting new businesses.

Or consider exports, which for most developing economies play an especially critical role. They bring in foreign exchange, provide contacts to foreign markets, and force parts of the economy to learn how to compete with the very best foreign companies. Yet over 90 per cent of Venezuela's exports are oil, and those resources are owned and controlled by the government. For this all-important growth driver, Venezuela comes pretty close to full socialism — to its detriment.

Chile has prudently managed its state-owned copper reserves (also a big export earner), but Venezuelan leaders have treated state oil money as a slush fund for themselves and their cronies, and furthermore they borrowed against future oil revenues. The daughter of former President Hugo Chavez, who died six years ago, is still reportedly one of the richest women in Venezuela. Of course that came largely from state resources, and it happened while the Venezuelan citizenry was sinking further into poverty.

In fact, nationalisations under Chavez were numerous — encompassing much of the oil sector plus parts of the agriculture, transport, power, steel, telecommunications and finance industries. Even though many of those nationalisations were small in scale, the threat of further encroachments on private property rights discouraged investment and sent the wrong signal about where the nation was headed.

And this may be the most important point: Socialism, capitalism and other systems matter not only for the conditions they create but because of the ideas they propagate. This is true even if these ideologies are followed incompletely or imperfectly.

One simple way to trace that influence for Chavez is to look at Wikiquotes, where you will find plenty of utterances against globalisation and the market economy. "Privatisation is a neoliberal and imperialist plan," he said in 2005. "Health can't be privatised because it is a fundamental human right, nor can education, water, electricity and other public services. They can't be surrendered to private capital that denies the people from their rights." That rhetoric of victimisation and absolute moralising against markets doesn't sound so different from a lot of what I hear from non-Venezuelans on social media.

Like his praise for anti-capitalist, anti-American regimes such as Belarus and Iran, a lot of Chavez's rhetoric might have been written off as political posturing. But it has continued under his successor, Nicolas Maduro, who has also failed to use his post to educate Venezuelans about the benefits of capitalism and globalisation — in stark contrast to many East Asian leaders. Instead, the promotion of socialist ideas has helped to make Venezuelan society less economically robust and more vulnerable to collapse.

And while many on the left are now keen to disavow any connection to the Venezuelan disaster, their earlier enthusiasm is on the record. Greg Grandin, writing in *The Nation* in 2013, offered a laudatory take on Chavez and suggested that Venezuela "might be the most democratic country in the Western hemisphere." (He also argued, oddly enough, that Chavez "wasn't authoritarian enough.") Jeremy Corbyn, leader of the UK's Labour Party, has also been a big Chavez fan, while Nobel laureate economist Joseph Stiglitz praised Venezuela's economic policies in 2007 and declared that the risks of higher inflation were overrated.

Yes, there are some exaggerations and mischaracterisations in the right-wing charge that Venezuela's system is socialism, pure and simple. At the same time, the evidence shows that, for some parts of the ideological left, the cause for embarrassment is very real indeed.

The writer is a professor of economics at George Mason University and writes for the blog Marginal Revolution. His books include "The Complacent Class: The Self-Defeating Quest for the American Dream." ©Bloomberg

Mirror, mirror on the wall

KITABKHANA

T C A SRINIVASA-RAGHAVAN

There are spies, and books about spies and books written by spies. I know nothing of spies. But I do know that of the remaining two the last can be very boring because, obviously, they can't match the books that are about spies.

One reason for this, of course, is that while fiction writers have a free hand, writers who have served intelligence agencies don't. But another, perhaps equally important reason is the need of former officials — spies and the rest — to tell the world how good they were and how bad things have become since they retired.

You only have to have to dine at the Delhi Gymkhana or the India International Centre for that. Far better that they all write books instead of ruining the buzz that a good, reasonably priced scotch gives.

Over the last 15 or so years I have read around 20 such books. In the last 10 years, Indians have also joined the group.

Sankaran Nair, B Raman, A S Dulat, Vikram Sood, Tilak Deveshar (on Pakistan), V K Singh, R K Yadav of Research and Analysis Wing (RAW) and M K Dar and T V Rajeshwar of the Intelligence Bureau (IB) are some of them.

I have also read the efforts by my fellow journalists — looking for some headline stuff in these books — to squeeze water out of stone. It is almost never there and has nearly had to be invented.

Nair's, Raman's and Rajeshwar's books are barren in every possible way you can imagine. Such a high degree of self-censorship — even adjectives are not used much — is self-defeating. Such books serve no great purpose, not even of glorifying the writers.

The rest mentioned above are somewhat better. Even if they don't tell-all, they are at least a bit more reflective. The overall impression created is "we are good mostly, very good often and outstanding occasionally. But the army is lackadaisical, the politicians stupid or worse, and the civil servants, well, the less said about them the better."

I would rank Tilak Deveshar first, Vikram Sood second and Amarjit Dulat third. Indeed, Mr Dulat's book is not a book at all but an extended conversation with his Pakistani counterpart, Asad Durrani. But it is highly readable, if dated in its political orientation.

Naturally, this is opposite of the view held by the army, politicians and the civil servants who see both RAW and IB as bumblers, if not worse. The truth, as is its wont, lies somewhere in the middle.

As these books show, everyone gets its right sometimes and everyone goofs sometimes, occasionally very badly. Once in a while the goof-up is monumental. In 1977 the IB got the election wrong and on 26/11, RAW failed the country.

But then you have to feel sorry for these guys. As is generally conceded everywhere in the world, information gathering agencies are known only for their failures, not their successes.

One spectacular failure wipes out the 99 smaller successes. 9/11, 7/7/, 26/11 all stand testimony to this.

However, that's the price these agencies pay for not being accountable in the way others are. This is especially so when they fail to tell the difference between serving the country and serving the regime currently in place.

The IB, in particular, has a bigger problem here. Its tendency to blur the lines between country and government is a serious problem.

Being used by the political masters to gain an upper hand over their rivals may be the oldest game in the world, practised in all countries, even the two totems of civil liberties, the US and the UK. What is good for the government, however, isn't good for the citizens, which is why they don't love their spies. Fear, yes; but love? But none of the writers of these books admits that there is a problem here.

Often we wonder why India's intelligence-gathering agencies are so inefficient, when actually they really aren't all that bad. Most of these books provides some pointers.

Much of their grievance has to do with inadequate resources of various kinds and inadequate political will to allow them a free hand. But the main problem, perceived or real, could well be their own incompetence.

This aspect gets no airing at all. All these writers seem to believe, even if in reality they don't, the Bollywood depiction of their two services.