

We the hatemongers

Social media or news television simply reflects the hate and abuse inside society. Controlling that is our job, not some tech company's



MEDIASCOPE

VANITA KOHLI KHANDEKAR

You walk into a crowded coffee shop. There are several groups, couples and singles at the dozen odd tables. Some of those conversations can be overheard. Somebody is talking about their personal problems, discussing politics or holding forth on his achievements.

Suddenly you hear something that you don't agree with or don't like. You get up to argue. You soon start abusing the person who said that. Soon the whole coffee shop becomes a battleground. There is a skirmish, cups are broken, tables overturned. The coffee shop owner is left to clean his café. Just when he is about to open it again, he is told that he is disturbing the neighbourhood. If he cannot keep his customers in check he won't get permission to run the coffee shop.

That essentially is the conundrum that social media companies face.

They provide a platform; unlike a coffee shop, it is for free. You go there talk, scream, shout, argue, hang out with like-minded people. But because it is a social media platform, all sorts of people are likely to be there. They don't like what you say or you don't like something they say. But unlike a dinner party it doesn't stop at polite

disagreement. It becomes vicious and abusive and very often spills onto the streets — in the form of lynching, killings or riots.

Can you blame the platform for it? Sure, tech companies can do a much better job of facilitating the conversations that they monetise. Facebook is cavalier with our data. Twitter seems to have no control over rampant abuse, threats, bad language and fake videos. But would calling its CEO and founder Jack Dorsey before a panel help deal with this?

The problem is us, the people. Maybe it is time to start taking responsibility for our behaviour as citizens, as audiences or simply as human beings. Maybe it is time to start educating ourselves on the basics of our history, economics, politics and everything else that we debate about, usually on the basis of "WhatsApp university forwards." On most days,

arguments are between people with no knowledge or half-baked understanding of an issue. It is amazing what a three-five minute fact check can do to the most vicious and blatantly false forwards and videos — if you are willing to not fall in the trap of believing something because it fits with your pre-conceived notions.

The truth is that mass media, especially news media, has failed India and Indians. The easier it has become to launch a news channel or newspaper, the worse the quality. India has a world-beating 400 news channels. Most don't even use the fig leaf of journalism any more. Several have become mouthpieces for the state; others are rabble-rousers and hatemongers. Not one of them has been summoned by a parliamentary panel or had their license revoked. Nor have they got notices from the News Broadcasters Association, the body that attempts, without much success, to self-regulate.

The problem in news broadcasting is one of ownership. More than half of India's news channels are owned by people or companies that have no interest in producing good quality journalism. The idea is to peddle influ-

ence, extort favours or simply become a propaganda tool. News remains one of the smallest and most unprofitable segments of India's booming television industry. How can any honest news outlet — which is about research, analysis, travelling to the spot, all very expensive things to do — ever compete against well-funded rabble rousers.

At forums and in debates, there is lot of fulminating about how news channels chase television rating points or TRPs. But TRP is a measure of the viewership, the audience for these news channels. If there was no audience would they bother?

It is time then for us as audiences and as Indians to reject hate and bad behaviour — whether it is on a social media platform or on a news channel. A journalist, an editor, an expert, a stranger or your friends may have a point of view you don't agree with. But no one can be allowed to express their disagreement through violence and abuse. Why indulge in hate? And if we do then why expect Twitter or Facebook to clean our society when we cannot even agree to disagree politely.

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CHINESE WHISPERS

'Babur descendant' approaches SC



Dressed in a colourful *sherwani* and sporting a matching *pagdi*, a man claiming to be the sixth-generation descendant of the last Mughal emperor, Bahadur Shah Zafar, showed up at the Supreme Court on Tuesday. Prince Yakub Habeebuddin Tacy had approached the top court, seeking to be heard in the Ram temple-Babri mosque land title dispute case. Prince Tacy claimed the title to the land on which the disputed Babri mosque was constructed. Though the top court declined to entertain his plea, Prince Tacy was seen talking enthusiastically to his lawyers outside the court after the hearing on Tuesday was over. He was also seen taking selfies with lawyers even before the court proceedings.

High on josh

When sentiments run high, brands aren't shy of cashing in on marketing opportunities. Fast food joint Burger Singh, which offered discounts to celebrate the "surgical strikes" carried out by India after the Uri terrorist attack in 2016, was at it again on Tuesday. As news of Indian warplanes bombing terrorist camps in Pakistan began to spread, the quick service restaurant offered a 20 per cent discount, asking customers to use the coupon code "FPAKAGAIN". In 2016, it had used the coupon code, "fPak20", and hiked the discount from 20 to 30 per cent with a changed coupon code ("strike30") after "a positive response from customers". However, on both occasions, it received flak on social media for being "insensitive". In Pune, private insurer Bajaj Allianz Life flashed "How's the Josh" — the popular catchphrase from the recent hit movie *Uri: The Surgical Strike* — on the electronic scroll board outside its office.

Battle of the sons

The battle for the Shimoga seat (Karnataka) in the coming Lok Sabha elections will be watched keenly if the ruling Janata Dal (Secular)-Congress combine in the state decides to field Madhu Bangarappa, the son of former chief minister S Bangarappa, against B Y Raghavendra, the son of the BJP's B S Yeddyurappa. Shimoga has been a traditional stronghold of Yeddyurappa, Karnataka BJP president and leader of opposition in the Assembly. Since 2009, either Yeddyurappa or his son has been representing the seat but the victory margin has dwindled over the years. Encouraged by those results, the ruling coalition has decided to pump in more resources in the "Madhu-Raagu" battle in the state, which won the BJP 17 seats in 2014.

China & India: The threat of populist nationalism

An exclusive excerpt from former RBI governor Raghuram Rajan's latest book

Continued growth will put pressure on both China and India to liberalise further and become more market-oriented. Almost inevitably, this will make them look more like successful advanced economies, making global engagement and dialogue easier. Much slower growth, though, could lead them in more worrisome directions.

Leaders have an alternative to moving toward a liberal open-access society. And that is to exploit the populist nationalistic fervor that is latent in every society, especially as economic fears grow and disenchantment with the corrupt traditional elite increases. Both China and India have large numbers of people who have left their village community, and have moved to cities in search of work. These large young migrant populations, both tantalised and shocked by city life, and yet to be integrated into solid new communities, are ideal raw material for the populist nationalists' vision of a cohesive national community. They become especially malleable in times of slow job growth, as they see the incredible opportunities that the better-educated upper-class elite obtain....

In India, the Hindu nationalist movement tries to tap into such people's desire to anchor themselves in tradition. It also attempts to focus them on grievances that will shape them into a committed following. It exploits the sense among the majority Hindu population that they have bent over backward to appease minorities, especially Muslims. As

with all populist nationalist movements, it portrays a glorious if mythical past, where Hindu India shone a beacon for the world to follow, while dismissing the entire period of Muslim rule over large parts of India as an aberration. For the rootless migrant from the village, the movement offers membership in organisations like the Rashtriya Swayamsevak Sangh (RSS).... The truly committed majoritarian Hindu leader, drawn from a young age into the RSS, is usually personally austere — which endears him

to those who dislike corruption — and committed to the cause, which makes him ruthless in his methods. They are a serious threat to a liberal tolerant innovative India, especially because they are more single minded than other groups, and thus effective in using their periods in power to infiltrate India's institutions with their sympathisers.

India faces serious challenges if global markets were to close. As it is, manufacturing exports are becoming more difficult as developed countries automate to compete with cheap labour elsewhere. Some developed countries are making it harder to provide cross-border services, which India has

developed a strong presence in. An increase in tariff and nontariff barriers to goods and services will make the export-led path to growth much harder for India. There is a protectionist streak among some Hindu nationalists, fuelled by their business backers (they do have ties to business despite their seeming austerity), which will use the



The Rashtriya Swayamsevak Sangh and the People's Liberation Army (right)



excuse of protectionism elsewhere to make India more protectionist once again. The private sector will then become yet more dependent on government favour. Therefore, the actions of populist nationalists elsewhere can weaken India's democracy and strengthen its destructive populist nationalism. Democratic, open, tolerant India will be an important, responsible contributor to global governance in the decades to come. Populist nationalism around the world will make this less likely.

Deng's dictum to China was that to prosper, it should 'hide [its] capabilities and bide [its] time'. China seems to believe that the time for that dictum is over. As President Xi stated in October 2017, 'the Chinese nation has gone from standing up, to becoming rich, to becoming strong.' A great fear in Washington is that China is rapidly becoming able to challenge the United States, not just economically, but also militarily and politically. Hence its concern about the "Made in China 2025" programme, which aims to increase China's presence in advanced manufacturing industries like aviation, chip manufacturing, robotics, artificial intel-

ligence, and so on. While the United States still has a substantial technological lead in some of these industries, it worries that China will coerce US firms to part with technology and steal any technology it still needs. Similarly, new China-sponsored multilateral financial institutions like the Asian Infrastructure Investment Bank make the United States concerned that China is undercutting existing multilateral institutions that the United States dominates. China's hard power, as demonstrated by its militarisation of islands in the South China Sea, and its soft power as evidenced by its One Belt, One Road initiative to build out infrastructure connectivity across land and sea from China, causes yet more unease in Washington.

The reality is that...China has to be accommodated, especially in global governance structures. In turn, China also has to recognise global concerns about the means by which it has grown, especially its subsidies to industry and its appropriation of intel-

lectual property.... It also has to assuage its neighbours' concerns about how their territorial disputes will be resolved, and make clear its intentions about respecting the global rules-based order as its power increases.... That dialogue becomes much harder if China suspects the developed world is

ganging up to prevent its natural development as well as if China becomes more repressive politically. Chinese populist nationalism, centered around the Han Chinese population, and driven by a sense that developed countries have historically exploited China with unfair treaties, will be strengthened by acts precipitated by western populist nationalists. China has its own minorities such as the Tibetans and Uyghurs, who have already experienced the oppressive weight of Chinese nationalism. A more virulent populist Chinese nationalism is not a development anyone, inside or outside, will want to see.

(Excerpted with permission)

INNOCOLUMN

Behaviour & culture essentials in start-up land

With a fulsome media fawning on start-up leaders, Indian founders are exposed to a dangerous combination of de-railers



R GOPALAKRISHNAN

The narratives of super ego and toxic behaviour among the CEOs of large companies are disturbing and increasingly prominent. They have a pattern. After ascent, the CEO is powerful, power damages the brain, and the CEO's behaviour changes visibly. What people see is loss of empathy, arrogance, poor treatment of people, and inability to listen. I refer to these as de-railers in my book, *CRASH: lessons from the rise and exit of CEOs*. The de-railers become the sword on which several CEOs fall. The CEO's downfall become "breaking-news" for the media, for example, Thomas Middelhoff in Germany, Martin Sorrell in Britain, Carlos Ghosn in Japan, and many in India.

It should not be assumed that power-induced brain damage applies only to CEOs of large companies. The founders and funders of start-ups are equally prone to this fatal affliction. Start-ups argue that they don't have

the resources to monitor their adherence to numerous regulations and observing the codes of conduct. Obnoxious leadership behaviour and absence of work culture needs to be distinguished with the same dispatch as in large companies.

Just two years ago, we witnessed the behavioral volatility of the key founder of Housing.com. He became abusive with the funders of his venture; he played a pampered kid, who had gone berserk; the board had to dismiss him into anonymity. Paytm is portrayed as a successful start-up because the company has ratcheted up well over 100 million customers in a short time. Many could argue that, with losses of several thousand crores each year, it can hardly qualify yet as a successful company. From a purely behavioral point of view, watch the rousing, but foul, celebratory speech of the founder to the 4,500 employees at a company party in 2017, after demonetisation (<https://www.youtube.com/watch?v=ONvxdNodWDg>). Judging by this evidence — admittedly a bit unfair — the soundness of the company leadership may well be an accident waiting to happen.

Start-up land is thought to provide the cool, better-behaved digital corporation of the future compared to the

greedy, larger-than-life robber baron company of yesteryear. Such a new company is thought to have a culture of being open, creative, having engaged employees and solving the major consumer problems. The evidence for this perception is variable.

The older Silicon Valley ventures like Google and Facebook did attract great adulation during their run-up to maturity; quite unexpectedly, they now attract social criticism and opprobrium. Jessica Powell's satirical novel, *The Big Disruption*, says a lot. The behaviours of founders of companies like Juicero, Zenefits and Theranos have managed to shake up non-expert observers, who have been bewildered by how reputed VCs and family offices bought into ill-conceived or even fraudulent ideas, resulting in billions of dollars evaporating right under their nose. Reid Hoffman,

LinkedIn co-founder, has said that rapidly scaling companies need "responsible blitzscaling" in the book he has co-authored with Chris Yeh, *Blitzscaling*.

In India, some commentators think that start-up land holds the answer to the national issue of unemployment. The background and skills of those who need jobs contrasts with the atmosphere of start-ups like the e-commerce ones. The most admired e-commerce

start-ups have modelled themselves on the Rambo "spend now, profits will follow" model. The jury is out on the likelihood of its success, but that entrepreneurship, isn't it? World Wide Web founder, Tim Berners-Lee, had warned, "Humanity connected by technology is functioning in a dystopian way... online abuse, prejudice, bias..."

Entrepreneurs have no choice but to shake a leg on the entrepreneurial dance floor, hoping that the music and their dance steps will match at some point. Bill Gross, start-up entrepreneur and venture capitalist, analysed all the investments of his funds to determine the hierarchy of success factors. He found that timing is the most important success factor, not the idea, the team or the founder (<https://youtu.be/bNpx7gpSqbY>).

While start-up founders are tapping their feet on the dance floor, waiting for the right music, they should remember that good leadership behaviour and company culture in start-ups are just as important as in grown-up companies. Indian founders are a younger and more immature bunch compared to those in the United States. With a fulsome media fawning on start-up leaders, Indian founders are exposed to a dangerous combination of de-railers.

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LETTERS

Review pension system

This refers to Somesh Jha's report "Hike in minimum pension will need budgetary support: EPFO" (February 26). The Indian pension system needs a comprehensive review and overhaul. Since December 2003 when the government unilaterally and prospectively discontinued a defined payment-based pension scheme, which existed for the central government employees, and introduced a New Pension Scheme (later rechristened as National Pension System), temporarily exempting defence personnel from the changeover, the policy approach to pensions has been one of "hit and run". By now, there appears to be a consensus that a pension scheme, as a social security instrument, is an essential ingredient of remuneration packages across public and private sector establishments. If that be so, there should be an agreement on the following:

(a) The pension component should be part of the wages paid by the employer. If the central or state government has to subsidise the cost of pension outgo, for any specific reason, it should be on a monthly or annual basis.

(b) Pension should have a relationship to the earnings/wages. The Centre may consider including review of the pension system for its employees in the term of reference for Central Pay Commission. It should also appoint a high-level pension review committee to consider integrating pension schemes, now operated by different agencies, in public and private sector organisations.

M G Warrior Mumbai

Enforce compliance

This refers to "RBI proposes to rein in pay of pvt bank CEOs" (February 26). The central bank has drafted regulations for claw-

back of the bonuses and stock options of CEOs of private banks where the Reserve Bank of India (RBI) Inspection Reports reveal wide variance in classification of non-performing assets (NPAs). This provision must be extended to cases of serious shortcomings in the functioning of the boards of these banks as they play a major role in the effective functioning (or the lack of) of these organisations. A case in point is of the ICICI Bank board which, despite the revelation of serious allegations against its then CEO, under its chairman gave a clean chit and refused to order an enquiry until much later. The Axis Bank board is another example. Similarly, in case of the non-banking financial corporations (NBFCs) like Infrastructure Leasing & Financial Services the CEOs' and boards' functioning left much to be desired.

The clawback provisions should apply not only to private banks but also to other RBI regulated entities like NBFCs. The provisions should be triggered not only in the case of CEOs but also the directors in case of major divergence in classification of the NPAs, serious shortcomings in corporate governance, gross irregularities like serious violations of KYC norms, money laundering, inadequate action/delay in investigation of serious frauds etc. The CEO and boards must follow the highest standards of corporate governance and be held strictly accountable to their stakeholders — depositors, shareholders, employees etc — for not only the financials of their organisation but also for regulatory and legal compliance as well as adherence to corporate ethics.

Arun Pasricha New Delhi

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After retribution

IAF's professionalism matched by govt's measured response

The air strikes by the Indian Air Force (IAF) on a terrorist-training camp in the Pakistani province of Khyber Pakhtunkhwa should not have come as a surprise to Pakistan, given that the Indian leadership had virtually promised retribution for the killing of at least 40 central policemen in Kashmir earlier this month in a Jaish-e-Mohammad suicide attack. That it did take the Pakistanis by surprise is due largely to careful planning and the professional skill of the IAF's Mirage 2000 pilots, who executed a deep incursion into heavily defended airspace and returned after successfully completing their mission. This military professionalism was complemented by the restraint with which the government announced the strike. Eschewing triumphalism and chest thumping, the foreign secretary emphasised that the targets were terrorists and not the Pakistani military or innocent civilians. The careful use of the phrase "non-military" operation is designed to make the point that India has not hit military targets. So if Pakistan responds against military targets, it will be guilty of escalation. The Pakistani military must surely be in soul-searching mode about being caught napping yet again, as it was in 2011, when US commandos flew deep into Pakistan and killed Osama bin Laden near Abbottabad. It cannot have been missed that the target chosen was in mainland Pakistan, not in Pakistan-Occupied Kashmir.

The government is also to be complimented for taking the Opposition into confidence after the Pulwama attack, and this allowed planning to be carried out without worrying about political considerations. The Opposition, in turn, has, for the most part, thrown its weight behind the government — a rare, but welcome, bipartisan consensus. The government also deserves kudos for skilful diplomacy, which included briefing foreign envoys about Indian compulsions after the Jaish-e-Mohammad proclaimed ownership of the Pulwama attack and yet Pakistan refused to act against the group. The outcome of this diplomacy is evident from the international community's broad acceptance of the air strikes. Even China has advocated restraint and an improvement in relations.

The ball is now in Pakistan's court and the generals will decide whether they want to escalate, whether through air strikes, ground raids or stepping up activity by its terrorist proxies. Predictably, belligerent statements have been made, but Islamabad (and Rawalpindi) must weigh the fact that India's military would be fully geared to handle revenge attacks and would, if necessary, escalate matters further. All three services have already been placed on high alert. Additional police forces have already been moved into Kashmir. The government says they are for election duty, but it goes without saying that they would boost the state response to any uptick in terrorism.

Beyond these recent incidents, the core concern about Kashmir and terrorism continues. India remains with the problem of finding a solution to Kashmiri anger and resentment, so that the disaffected youth are not pushed into becoming cannon fodder for groups like the Jaish. The crackdown on separatists is unlikely to curb the ideology of separatism in any way, with dialogue and engagement providing a more effective route. At the same time, it is in both Pakistan's and India's interests to de-escalate the situation purposefully so that the Line of Control does not flare up in tit-for-tat actions that serve no purpose but to claim lives on both sides.

Impressions of favouritism

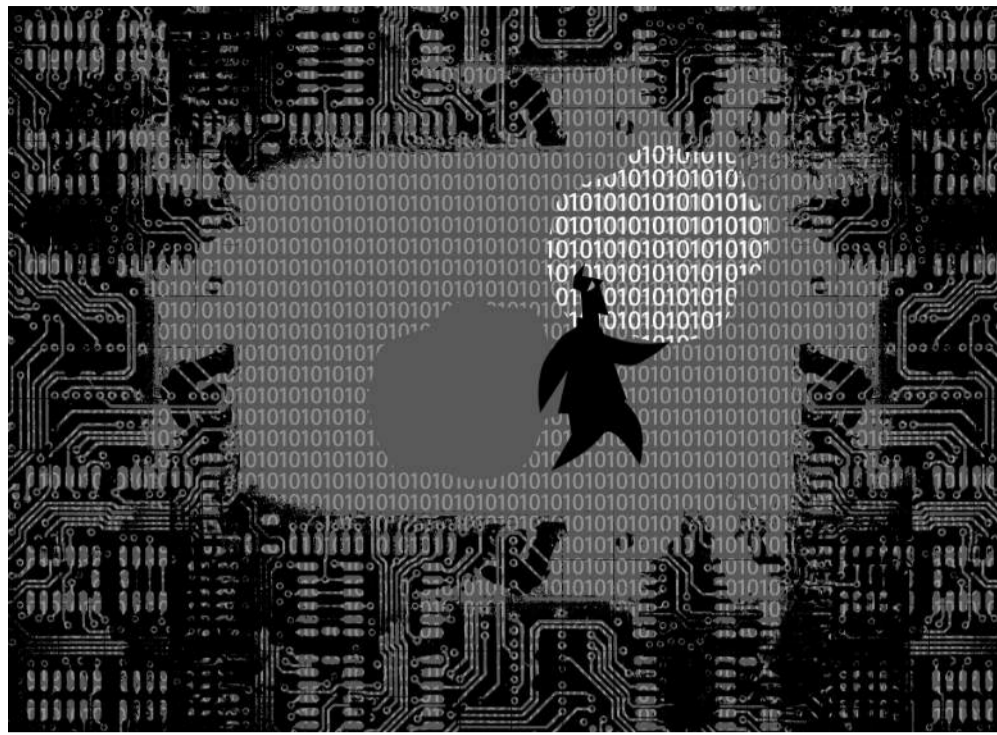
Vodafone CEO raises questions of a level playing field

Speaking in Barcelona, Nick Read, chief executive officer (CEO) of Anglo-Dutch telecommunications giant Vodafone on Monday, attacked the regulatory environment for the stress in the sector in India, and said it was designed to favour a particular player. Mr Read said the company had only asked for a level playing field in terms of regulation, but "over the last two years, we had many regulatory outcomes that were against everyone in the market except Jio". His perspective is, of course, informed by being the head of one of Reliance Jio's primary rivals. But as the stated opinion of the head of one of the parent companies of a major player in an important sector, it is nevertheless worth taking seriously. The impression that regulation is systematically favouring one player over others is something that no government, ministry, or sectoral regulator should allow to build up.

The special conditions of the telecom market make this criticism of favouritism particularly potent. The telecom market features network externalities — the more there are people on a network, the more it can dominate the market. This means that natural monopolies could build up. Arguably, much of market behaviour in the recent past can be interpreted as an attempt to position companies as the natural beneficiaries of this tendency towards monopoly. Thus, one focus of regulation must surely be ensuring that incumbents and challengers both stay in the game. From the regulator's point of view, if it does not consider the dynamic perspective, Jio's entry into the market has helped consumers, and so should be welcomed. In addition, the purpose of regulation is typically to assist new entrants in a market exhibiting a tendency towards natural monopoly — and not the incumbents. Thus, what Mr Read sees as a systematic bias towards the challenger could be explained away by this combination of incentives. However, neither principle applies in a simplistic manner in this case. The preservation of competition is also important, and it is in this that the regulator is perhaps at fault.

Mr Read also pointed out that average revenue per user in the Indian market was very low, and would have to rise. The regulator should perhaps note that such a rise is inevitable. The question is if this increase in tariffs will come after all the other players have been forced out of the market other than Jio, or before. The latter course is surely preferable, because it would ensure that a rise is controlled and not monopolistic in nature. The question then becomes how to ensure that this inevitable increase in tariffs is induced to happen in a clear and systematic manner, in such a way that competition is preserved. This is what the focus of the telecom regulator and department should now be. If the sector's regulators and other authorities wish to recover their reputation and to avoid further such accusations of favouritism, they should make their intent to preserve competition clear, and seek consultation on how to restore the sector to profitability through a rationalisation of tariffs.

ILLUSTRATION: BINAY SINHA



Will the US capitulate to China?

Unless the Chinese agree to stop stealing technology, the US will not have achieved anything useful from Trump's tariffs

It's beginning to look like US President Donald Trump will yield to the Chinese in America's trade conflict with China. The United States threatened to increase tariffs on imports from China from 10 per cent to 25 per cent on March 2 if no agreement was reached. But Trump recently said that the date is flexible and may be postponed because of the progress being made in the ongoing bilateral talks.

Fair enough, but progress is in the eyes of the beholder. The most important problem that needs to be resolved is not America's massive bilateral trade deficit with China. It is that the Chinese are stealing US firms' technology and using it to help Chinese companies compete with those same firms in China and around the world.

The Chinese do this in two ways. First, US firms that want to do business in China are required to have a Chinese partner and to share their technology with that firm. That compulsory sharing of technology is explicitly forbidden by World

Trade Organization rules. Since joining the WTO in 2001, the Chinese have ignored this rule and disingenuously claim that US firms voluntarily agree to share their technology because they want to be active in China.

Second, the Chinese use the Internet to enter the computer systems of US firms and steal technology and blueprints. Chinese President Xi Jinping agreed with then-President Barack Obama in 2015 that his government would stop doing this. But, after a temporary decline, such cyber theft has resumed, presumably because state-owned companies and others have the ability to reach into the computer systems of US firms.

Despite Trump's upbeat talk about progress in the talks, there is no suggestion that the Chinese will agree to stop stealing technology. Instead, China's chief negotiator, Vice Premier Liu He, has emphasised that the Chinese will reduce their large bilateral trade surplus by buying US soy beans and natural gas. A sharp reduc-



MARTIN FELDSTEIN

UP's lesser-known story

Uttar Pradesh (UP) Chief Minister Yogi Adityanath has often been in the news for his Hindutva politics. But little attention has been paid to his government's fiscal performance. Even his government's latest Budget, the third in his tenure so far, made newspaper headlines more for the ₹400 crore he allocated for building cow shelters and less for keeping a tight leash on the state's finances.

This could be because details of state Budgets are not immediately available in easy formats, comparable with past years. After several months of their presentation, the Reserve Bank of India brings out its annual publication on state Budgets. Only then can a proper analysis of state Budgets be made after analysing the revenue and expenditure trends over the previous few years. A report from PRS Legislative Research, compiling the Budgets of eight states presented so far for 2019-20, fills the gap considerably.

What it shows about the last three UP Budgets is quite significantly different from the popular narrative about the Yogi Adityanath government. The UP government's fiscal consolidation achievement has been quite remarkable. Inheriting a fiscal deficit of 4.5 per cent of gross state domestic product (GSDP) in 2016-17, the last year of the Akhilesh Yadav government, Yogi Adityanath halved it to 2.02 per cent in its first year — 2017-18. Remember that the numbers for both the years are actuals and hence have passed audit scrutiny and are unlikely to be revised.

In its second Budget, for 2018-19, the state government's fiscal deficit, as per the revised numbers, widened a bit to 2.97 per cent of GSDP. And for the 2019-20 Budget that UP Finance Minister Rajesh

Agarwal presented earlier this month, the fiscal deficit is projected to be reined in at the same figure of 2.97 per cent. The Finance Commission-mandated deficit cap for the states is 3 per cent of GSDP and UP is now among the few states like Gujarat, West Bengal and Karnataka, which are below that level.

What about the revenue balance or the gap between the state's revenue expenditure and revenue receipts? Well, even in this area, UP is among a handful of states that have maintained a surplus. The revenue surplus came down a little to 0.91 per cent of GSDP in 2017-18, from 1.6 per cent in 2016-17. But in 2018-19, it scaled up again at 3.2 per cent, only to project a decline to a surplus of 1.76 per cent next year.

This has been possible largely because the state has seen robust growth in its own tax revenues. In the first year of the Adityanath regime, the state's own tax revenues increased by 8 per cent to ₹97,393 crore in 2017-18. Then, a dramatic surge of 38 per cent in 2018-19 saw the state government's own tax revenues go up to ₹1.34 trillion. But as apparently puzzling as the surge in 2018-19 is the plateauing of the own tax revenue growth projected in 2019-20 — an increase of only 4 per cent to ₹1.4 trillion.

Could the surge be a reflection of the first full-year's impact of the goods and services tax (GST) on UP's own tax revenues? And now that the GST rates have been rationalised and reduced, along with the grant of fresh exemptions to various sectors, the state revenues on account of the GST would grow at a much slower pace. In 2018-19, GST revenues for UP were estimated at ₹1.06 trillion and these would go up marginally by 3 per cent in 2019-20. This will clearly be a challenge for the UP government in the coming years, if



NEW DELHI DIARY

A K BHATTACHARYA

tion in the US trade deficit with China would enable Trump to claim victory and give him something to celebrate when Xi visits him at his home in Florida sometime in the next few months.

There are easy bragging rights in a dramatic reduction of the US trade deficit with China, which, year after year, has been the largest of America's bilateral trade deficits. In 2017, the deficit with China was \$375 billion, or two-thirds of the total US trade deficit. So the Chinese are clever to offer to buy enough US commodities to cut that very visible imbalance.

But while that would reduce the bilateral trade deficit with China, it would have no effect by itself on the total US trade deficit. As every student of economics knows, a trade deficit reflects the fact that a country chooses to consume more than it produces. And as long as a country consumes more than it produces, it must import the difference from the rest of the world.

If the Chinese do buy enough to reduce the bilateral trade deficit, the US would end up importing more from other countries or exporting less to other countries. The total US trade deficit will not decline unless the US reduces total demand by saving more. That is a matter for US policymakers; it is not something the Chinese can do for America.

US Treasury Secretary Steven Mnuchin has emphasised another largely irrelevant Chinese offer: A promise to prevent the value of the renminbi from declining relative to the dollar. While a stronger renminbi would make Chinese goods less attractive to US buyers, thereby reducing the bilateral trade deficit, it would not reduce America's global trade imbalance.

Moreover, although the renminbi-dollar exchange rate does vary from year to year, the variations have been small. Today, a dollar buys CN¥6.7; a year ago, the dollar exchange rate was CN¥6.3, and two years ago it was CN¥6.9. A decade ago, in February 2009, a dollar bought CN¥6.8. In short, there is nothing to celebrate if the Chinese agree to stabilise the value of their currency relative to the dollar.

The key issue is technology theft. Unless the Chinese agree to stop stealing technology, and the two sides devise a way to enforce that agreement, the US will not have achieved anything useful from Trump's tariffs.

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Contours of the 'Asian Century'



BOOK REVIEW

ANITA INDER SINGH

Writing with facility, using a wealth of statistics and provocative arguments, Parag Khanna enthuses about a dynamic Asia going into the global lead. Stretching from the Red Sea to Japan, Australia and New Zealand, Asia includes most of the world's largest countries and advanced economies. Asia has most of the world's cities, foreign exchange reserves, largest banks, technology and industrial companies and armies. Singapore and Japan have "the most powerful passports". Singapore's "Crazy Rich Asians" have even inspired Brexiters, who

dream of Britain becoming the "Singapore of Europe". How the once mighty have fallen! Those invoking Britain's former imperial power to justify Brexit want one of its smallest former colonies to be the role model for Little Britain.

Mr Khanna's Asian century began in May 2017, when China hosted the first Belt and Road Initiative (BRI) summit in Beijing. At this historic gathering, China assembled the heads of the 68 African, European and Asian countries that had joined its BRI. They represented half of the world's GDP and the largest effort to connect the world commercially and culturally.

The BRI was conceived by Asians for Asians, he says. Really? In fact, the BRI is a vital component of China's national rejuvenation and was enshrined in the ruling Communist Party's constitution in 2017. And China is not building a combat-ready world class military by 2050 merely to advance the connectivity of Asians. Ask China's smaller and weaker neighbours,

Beijing challenges their sovereignty by invoking its version of history — even as they welcome strong trade and investment ties with China. But Mr Khanna is right that problems of indebtedness are renegotiated and settled. For, China does show flexibility in its foreign dealings.

Despite cultural diversity and the inability to forge pan-Asian ideas, Asian interests and identities are intertwined. Asian countries buy and sell the most goods to one another. Internationally between Asians abroad have created "Ch-Indians" in Singapore and "Indi-pinos" in Dubai. Yet how do their numbers compare with the fact that at least 20 per cent of marriages in the US take place with a foreign-born person?

Asia is America's largest customer. The US is dispensable. It remains the sole superpower but it is declining economically, socially and culturally. Since 1945, Western laws and culture have dominated the world. Rising Asia favours the Chinese phrase,

"community of common destiny".

Not quite. India and Japan back the liberal rules-based order. This US-dominated order gave Asia — and Europe — the stability that provided the groundwork for the advancement of their prosperity. The US alone has the power to prevent instability in Asia. Whether it uses that power is another matter. Moreover, China's \$14-trillion economy cannot easily catch up with America's \$20-trillion one. In the trade war, Beijing seeks agreement with Washington with the intent of reducing an unfavourable fallout for itself.

China-led connectivity has prompted India and other Asian countries to increase connectivity with one another. Geopolitical rivalries will, thus, speed up the Asianisation of Asia. Even so, isn't it doubtful that connectivity rather than money — especially US dollars — drives the world? As a connectivity project, China's BRI could not have been put on the rails without Chinese cash. In fact, part of China's achievement is that it can finance its BRI independently.

In contrast, India needs help from richer countries to promote its connectivity —

and other interests. Like all Asian countries, India offers the world cultural attractions and exports. But it dawdles on the road to global power. Other Asian countries have seen it as "a squalid, overpopulated, quasi-socialist third-world morass; big, but not important". Economically and militarily, China has raced ahead of India.

If scientific knowledge is power, the high quality of China's research does threaten the US. China's ability to attract 400,000 foreign students is impressive. They mostly comprise South Koreans and Southeast Asians, an increasing number of Indians and Russians — and even 14,000 Americans. But doesn't the US do better? It attracts more than 1.1 million Asian students. There are about 150,000 foreign students in Japan — and 42,000 in India, mostly from Afghanistan, Nepal and Bhutan.

Admiration for China's leadership of the Asian century leads Mr Khanna to write off China's authoritarianism. Opinion polls in the US reveal that the percentage of Americans who feel it is essential to live in a democracy has fallen from three quarters to one third. But how

many of these Americans have lived under a corrupt dictatorship? And had Mr Khanna's educational experience been confined to authoritarian states would he have had the intellectual freedom to gain the knowledge essential to write his internationally informed books?

The questions raised by Mr Khanna's stimulating book highlight his deft weaving together of technology, geopolitics, economics, globalisation — and the decline and rise of great powers. *The Future is Asian* will be widely read.

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