

# The limits of facial recognition

New privacy legislation will be required to limit the use of such technology and to provide checks and balances against abuse



**TECH ENABLED**

DEVANGSHU DATTA

Recognising people by visually scanning faces is something most human beings do automatically. It is a task computers have struggled to perform. But Face Recognition technology is improving and becoming more popular.

Smartphone and PC users deploy FR to control access. There are public-facing FR deployments in airports, public toilets, smart offices and apartment

blocks. Police and security agencies use FR. Banks, malls, and supermarkets use CCTV systems and cities have large CCTV deployments in public areas, metro stations, municipal buildings, etc. Footage from these can be linked to FR databases. FR is also used by Chinese security forces to maintain surveillance on the Uighur minority and it is key to running China's social credit system.

But FR is not a magic bullet. There are major privacy and ethical issues involved in deployment. There are also huge technical challenges since FR systems often don't work well except in controlled environments.

A PC or smartphone FR system has a narrow purpose. The user records her face and the device security matches faces to that image when somebody logs on. This is a single-person FR database in one sense, though the manufacturer may end up with a large database as it collects images.

A smart building processes a few

thousand images, perhaps. Airport check-in FR systems have a trickier task. There are the names, mugshots, flight numbers and other details of passengers to be matched to people going through check-in.

There are privacy issues here as well. Passengers are either sharing biometrics with private entities (airlines and private companies running airports), or private entities are accessing government databases for matches. Given the well-documented history of Aadhaar abuse and leaks by private entities connected to that system, it's easy to understand why this is problematic.

FR systems in public toilets don't match individuals. These are for gender-differentiation. This is a very different task from putting a name to a face and actually, trickier in some ways. FR gender-ID systems are trained by putting together databases of millions of facial images labelled "man", "woman", "girl", "boy". There is a high error percentage because some men "look"

like women, and vice-versa, and teens can be androgynous.

Those errors are higher if there's hair-style and colour bias in the training databases. Databases trained with mostly white Caucasian faces have very high error rates when identifying gender of persons with darker skins. Transgender people may utterly confuse gender differentiation systems. (There is a wider issue here, since most nations are struggling to decide which public toilet transgenders should use).

In these cases, the subjects are cooperative and these checks are done in controlled environments. Somebody passing an airport or smart office check-in, "poses" in front of a neutral background, making recognition easier.

Police departments and security agencies have a much more difficult task, across multiple dimensions. They work with unclear images sourced from CCTV, with confusing backgrounds; they often deal with subjects, who have been injured, or killed, with resulting mutilations, some subjects deliberately obscure their appearances, and so on. The police also work with far larger databases, comprising millions of people with billions of images. There are often large matching errors.

From what we know of the Chinese social credit and surveillance systems,

the scales there are larger than anywhere else in the world. According to leaks into public domain, about 2.5 million Uighurs are tracked constantly, using FR among other things. One smart city data system that leaked off Alibaba covered a CCTV network of Beijing's embassy district. It had an FR system that categorised and labelled people by ethnicity.

Selfies and other pictures shot with Chinese smartphones are often stored on clouds run by the phone manufacturers. This helps them build databases containing hundreds of millions of catalogued faces. The Chinese government has legal access to much of that data.

Chinese municipalities use FR system to track down and fine citizens for minor offences, like jaywalking. China's social credit system marks down people who criticise the government, or default on debt, or indulge in drunken brawls. Low scorers can be punished by denial of access to airports and railways stations. Once again, FR comes into play.

While other nations might not put similar social credit scoring systems into operation, they will certainly use the technology. New privacy legislation will be required to delineate and limit the use of such technology and to provide checks and balances against abuse.

## CHINESE WHISPERS

She'll be back



The union minister and national vice-president of the Bharatiya Janata Party, Uma Bharti (pictured), who is not contesting the ongoing Lok Sabha polls, has made it clear that she is not planning to retire from active politics any time soon. Bharti, who is campaigning for party candidate Pragna Singh Thakur from Bhopal, said that even if the 75-year cut-off criterion for selection of ministers in the Narendra Modi cabinet is taken as given, she will be eligible to contest the Lok Sabha polls of 2024, 2029 and 2034 and that she had a good mind to do so. Tired and not retired, she reiterated.

## First garland, then nomination

What is the sure-shot sign that one is an aspiring election candidate? Especially if one doesn't wish to be rebuffed right at the filing of nomination stage? The answer is garland. That was the first lesson Anupam Tripathi, who filed his nomination from the East Delhi seat as a Bharatiya Kisan Party candidate, learned when he walked into the district magistrate's office in east Delhi with his family to present his candidature. Inside the DM's office, he realised all other election aspirants present had garlands draped conspicuously around their necks. The takeaway? He would wear a garland when he goes to file his nomination for the next election.

## Rahul's strategy

Congress President Rahul Gandhi held a press conference on Saturday morning. The decision to hold the press conference was taken late on Friday. The reasons for Gandhi holding a press conference on a Saturday morning were interesting. Social media had been abuzz that Gandhi gives scripted interviews. While the Congress social media team tried to counter the perception, the party leadership felt the surest way to neutralise the propaganda was to hold a press conference where journalists can ask the Congress chief all sorts of questions. Of late, Gandhi had insisted on answering questions at press conferences only on the issue of the Rafale fighter jet deal, but on Saturday, he answered questions on several other issues too.

# The curious case of twin bad loan resolution

Two cases that could be resolved this week illustrate the progress of the single-window insolvency and bankruptcy resolution process which is expected to minimise the cost and time for liquidation and resolution of bad assets



**BANKER'S TRUST**

TAMAL BANDYOPADHYAY

In the next 24 hours, the National Company Law Tribunal (NCLT), the arbitration authority for cases filed under India's insolvency law, is expected to settle two cases involving ₹6,113 crore of lenders' money. The State Bank of India is the lead lender. Other banks that have significant exposure to these two companies include Punjab National Bank, Canara Bank and Andhra Bank.

These two featured on the list of 28 defaulters that the Reserve Bank of India (RBI) wanted the commercial banks to take up at the NCLT by the end of December 2017, if the cases were not resolved by mid-December that year.

After the first list of 12 large defaulters — sent to the banks in June 2017 — against whom immediate bankruptcy proceedings were to be invoked, the RBI sent the second list of troubled companies in late August. These were accounts where 60 per cent of the outstanding amount had been classified as bad or non-performing on banks' books as of June 30, 2017. Together, the two sets account for almost half of the bad debt in the Indian banking system.

Under the insolvency law, a case is expected to be settled within 180 days but the timeframe can be stretched to 270 days. The Mumbai bench of the NCLT admitted bankruptcy resolution petitions for the two companies — Uttam Value Steels Ltd and Uttam Galva Metallics Ltd — in June and July 2018, respectively. The banks got 20 more days to complete the resolution process after the 270-day deadline ended on April 3.

Once a defaulter is identified, a committee of the creditors (CoC) appoints one resolution professional (RP) to supervise the case. In the next stage, an information memorandum is prepared and the so-called expression of interest is sought from the prospective bidders. After checking the eligibility of the bidders, evaluating the bids and identifying the highest bidder, the CoC goes to NCLT. The bankruptcy resolution professional of two companies, Rajiv Chakraborty, partner, PwC, needs to get the resolution plan approved by the NCLT this week.

What is the resolution plan and who has won the bid when the assets were up for sale?

The twin cases illustrate the progress of the single-window insolvency and bankruptcy resolution process which is expected to minimise the cost and time for liquidation and resolution of bad assets.

The winning team consists of distressed assets investor CarVal Investors LLC and Nithia Capital Resources Advisors LLP. Their bid document says that CarVal will set up a trust called Arcil Trust ARC, 15 per cent of which is being held by India's oldest asset reconstruction company, Asset Reconstruction Company (India) Ltd.

The twin assets include a one-million tonne hot-rolled production capacity of Uttam Value Steels at Wardha, Maharashtra, for which it purchases pig iron from Uttam Galva Metallics.

CarVal is the investment arm of food and agriculture conglomerate Cargill, the biggest closely held US company by revenue. Incorporated in 2010, Nithia Capital is a London-based investment company with a net worth of ₹1,000. In 2018, it posted a loss of ₹276,829, a shed less the loss recorded in 2017.

Let's look at the structure and schedule of payment by the winning bidders. They have committed ₹2,541 crore. Of this, ₹625 crore is upfront payment. Indeed, the lenders will get the money but it will be given as loan to two defaulting companies at 15 per cent interest. Another ₹1,200 crore will flow to the lenders over a period of five years from the internal accruals of the two companies. After repaying the high-cost loan of the bidders, will the companies make enough money to pay up the bankers?

Among other components of the package are ₹198 crore trade receivables, outstanding for at least three years. Another ₹248 crore are advances given to "suppliers" which are group companies of the promoters — Llyods Steel Industries Ltd and Frontline Roll Forms Pvt Ltd — almost a decade ago.

These chunks are part of the payment plan to bankers when recovered, provided they are received within one year. If they are not received, they will be written off. Incidentally, some of the trade receivables and advances have been pending for several years.

Finally, ₹270 crore will be realised in the form of subsidy from the state



government. Receipt of this subsidiary has several performance conditions attached.

The operational creditors to whom the companies owe ₹1,017 crore, have been promised a princely sum of ₹3 crore! Essentially, the bankers are assured of ₹625 crore and not ₹2,541 crore. So, the hair-cut could be as much as 90 per cent and not 60 per cent as has been projected.

In the run-up this final bid, there were bids and counter-bids and the rival bidder, a consortium of Synergy Metals and Mining Funds, ART Special Solution Finances and Investment Opportunities IV Pte Ltd, had a ₹3,300 crore resolution plan. It was rejected at it came late. JSW Steel Ltd and the Liberty House Group of the UK had earlier shown interest in bidding for the assets but they backed out.

The key questions are:

■Why would Carval with at least \$10 billion in assets under management and three decades of experience team up with Nithia which has just ₹1000 net worth and no experience in

## AS I SEE IT

### Does the EC lack courage?

The Election Commission seems to lack the capacity to act against the PM. But I pray it proves I'm horribly wrong. If it does, I will readily apologise



KARAN THAPAR

Slowly but steadily, the Election Commission is exonerating the Prime Minister of the many charges he faces of multiple breaches of electoral laws. After weeks of deliberate prevarication and inexplicable silence, we are, at least, seeing action. However, in the case of Modi's Wardha speech of April 11 cannot understand how the Commission has concluded he is blameless. In the process it's raised questions about its own judgement and impartiality.

At Wardha, Modi asked the audience not to forgive the Congress for insulting Hindus by coining the term Hindu terror. Translated into English, he said: "The Congress attempted to defame crores of Indians by using the term Hindu terror. How can the Congress be forgiven for insulting Hindus in front of the world? Weren't you hurt when you hear the word Hindu terror?"

Now when Modi tells the audience not to forgive Congress, he is, in fact, telling them not to vote for the party. Even if he hasn't put it that bluntly, that's clearly what he means when he says this in an election campaign speech. And this automatically leads

to the question: When he does this on the grounds that the Congress has insulted Hindus, isn't the appeal made on the basis of religion? And if you bear in mind this was said to a preponderantly Hindu audience, the answer can only be a resounding yes. To me, this is so obvious I find it impossible to conclude otherwise.

If I am right, the Prime Minister has breached three separate electoral laws. Let me take you through them one by one. First, Section 1.3 of the Model Code of Conduct (MCC). This says: "There shall be no appeal to caste or communal feelings for securing votes". Isn't that almost exactly what Modi sought to do at Wardha?

Next is Section 123 (3A) of the Representation of People's Act. This deems as a corrupt practice any "attempt to promote feelings of enmity or hatred... on the grounds of religion". Once again, isn't it obvious the Wardha speech was doing precisely this?

Finally, there's Section 153A of the Indian Penal Code (IPC). This talks of "promoting enmity between different groups on grounds of religion... and doing acts prejudicial to maintenance of harmony". In this case, the offender can be punished with up to three years of imprisonment or a fine or both. When Narendra Modi suggests Congress cannot be forgiven for insulting Hindus, you could question if he's promoting enmity between groups on grounds of religion but he is clearly acting prejudicially to the maintenance of harmony.

The Election Commission, of course, does not agree. However, it's deliberately chosen not to explain why.

No reasoning is given for exonerating the Prime Minister. The Commission's letter to the Congress party, who made the complaint, simply says "in this matter no such violation has been noticed". No doubt the letter claims "the matter has been examined in detail in accordance with the extant guidelines/provisions of the Model Code of Conduct, Representation of People's Act (RPA) 1951 and the report of the Chief Electoral Officer, Maharashtra", but after simply asserting this nothing more has been written. The details of the process by which it reached its conclusion have been omitted.

The other pertinent point is that the Commission's letter says the Wardha speech has been considered in the light of the MCC and RPA but makes no mention of the IPC. It seems Modi's alleged breach of the last has been completely overlooked.

Former Chief Election Commissioners like T S Krishnamurthy have said the Commission must explain how it's come to its conclusion exonerating Modi. Leading Supreme Court lawyers like Sanjay Hegde have said that if no explanatory argument is provided that suggests there is no credible reason for the Commission's conclusion. And Congress, of course, is considering taking the matter to court.

I can only come to one conclusion. This Commission seems to lack the capacity to act against the Prime Minister. It's a lot easier to exonerate him. Now when I say capacity I actually mean courage. This is a cowardly Commission but I pray the Commission acts and proves I'm horribly wrong. If it does, I will readily apologise.

## LETTERS

### Beyond streetfighting



This refers to "Modi meets his match in Mamata" (May 4). It is unfortunate to see political icons hailing from Gujarat and Bengal being associated with the current brand of "street-fighting" politics. This is ironic because these two states have gifted the world its greatest apostles of peace and universal brotherhood — Mahatma Gandhi, Dayananda Saraswati, Raja Ram Mohan Roy and Swami Vivekanand just to name a few. Subsequently, post-independence both Gujarat and Bengal continued on their enlightened path while making monumental contributions to Indian industry and culture. Hence, one hopes that after May 23, once the rhetoric of the election season has settled down, the aforementioned leaders will make every attempt to reclaim the legacy of their illustrious predecessors.

S B Bhalerao Mumbai

as well as for putting us on the path to economic growth and sustainable development. However, the predominance of services in economic activities reflects only one part of the situation. There is another which is equally essential: Intersections or links between services and all other economic activities. Forward and backward linkages measure these value addition of services to output and exports of all economic sectors.

Sourish Dutta Kerala

### Interesting proposition

Last week, Sachin Mampatkar, a *Business Standard* journalist, contacted Disability Rights Alliance (DRA) to talk to a preferably Person with Disability (PWD) member on how the big hype in the press, over the recent elections being rendered disabled-friendly, measures up against the ground reality. The advocacy of the rights of PWD by DRA is apparently credible, going by the newspaper's desire to seek their opinion; and I am understandably proud to be a member of DRA, in fact the one asked to talk to the journalist. After talking to me, Mampatkar wrote a piece "Voting is an obstacle course for persons with disabilities" (April 26) on how one wheelchair using mathematician (me) viewed the ground reality. (He said basically that I could cast my vote only due to my driver's help.)

I later learnt that he was asking, more

pertinently, if making the entire election process more accessible to PWD, might affect the outcome of the election. The simple arithmetic he proposed was to compare typical margins between winning and losing in our elections, with the proportion of PWD who would be able to cast their vote in a barrier-free electoral process. The typical difference between winning and losing is 15 per cent and typically 20 per cent of voters are PWD who will benefit from the election process being made barrier-free. I'd say to Mampatkar: IF you show any PWD (in fact, any reasonably sensitive person) a video of Prime Minister Narendra Modi making "jokes", of very dubious taste, about children afflicted with dyslexia, that was (a) on social media a few weeks back, (b) deleted after many people commented on how shameful and in poor taste it was for the PM to mock dyslexic people, but (c) but not deleted before @RoshanKrRoy thankfully preserved it on Twitter and made it possible for anyone to reload and see the video; then that person will almost surely vote for anybody other than Modi, thereby giving more credibility to Mampatkar's conjecture.

V S Sunder Chennai

Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard, Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi 110 002. Fax: (011) 23720201. E-mail: letters@bsmail.in. All letters must have a postal address and telephone number.



## The NBFC crisis

Downgrades add fresh stress to the sector

Non-banking finance companies (NBFCs) are once again in the spotlight after a spate of rating downgrades over the past week, including the Anil Ambani group's finance companies and PNB Housing Finance. For the bond market, which has been walking on thin ice since Infrastructure Leasing & Financial Services (IL&FS) defaulted in the second quarter of FY19, the fresh downgrades have revived concerns on NBFCs' cost of capital and growth. In the past few years, NBFCs accounted for around 70 per cent of the borrowing in the corporate bond market. But after the IL&FS episode, the demand for their papers plummeted, along with evaporating liquidity in the system. Meanwhile, credit-rating agencies downgraded the more vulnerable firms or revised outlook in some others. Today, NBFCs that are able to raise bonds have seen their costs escalating, with AAA-rated NBFCs shelling out around 150 basis points over government bonds. AAA-rated non-finance companies are raising funds 100 basis points higher. Before IL&FS, the spread between corporate bonds and gilts was 50 basis points.

The problems of the NBFC sector have been exacerbated by low liquidity in the system. Demonetisation led to a huge spurt in liquidity, which the Reserve Bank of India (RBI) took away through open market operations (OMO) and other measures. However, in FY19, the RBI had to infuse liquidity through OMOs worth about ₹3 trillion, the highest in history, besides \$10 billion of dollar swaps. These steps have helped in bringing gilt yields down, but even after two rate cuts, the cost of borrowing for NBFCs remains high as lenders do not have the appetite. Mutual funds, which were key buyers of NBFC papers, became risk-averse because they were singed by downgrades in their portfolios and the inability to exit papers without a loss after the IL&FS crisis. Mutual funds were also hit by another problem because they had to suspend their lending to the promoters of the Essel and Anil Ambani groups with shares of listed companies as collateral. The industry, caught on the wrong foot, saw net outflows of ₹68,000 crore in their debt funds and ₹1.3 trillion in their debt schemes between September 2018 and March 2019.

Another worrying development is that the domestic wholesale debt market appears to be differentiating among NBFCs, according to analysts. Housing Development Finance Corporation and LIC Housing Finance account for the lion's share of bond raising since the IL&FS crisis surfaced. Those perceived to be strong or backed by parent have been able to tap the domestic bond markets, but issuances from the rest of the NBFC universe were minimal. With the door of the wholesale debt market virtually shut, NBFCs are looking at other sources of funds such as external commercial borrowings and the retail segment, or even selling down assets, thereby reducing balance sheets.

In the past few years, NBFCs have played an important role in providing credit to retail and small and medium enterprises (SMEs), which banks have not been able to reach. Besides, state-owned banks have been too mired in their bad loan problem to expand their loan book. While some NBFCs may fail or will be forced to merge with stronger ones, an industry-wide shrinkage does not augur well for the economy. SMEs, which were affected by demonetisation and the adjustment to the goods and services tax regime, need capital at a reasonable cost. Retail credit too is crucial for driving the country's consumption engine because there is no sign yet of investment picking up.

## Standing up to Fani

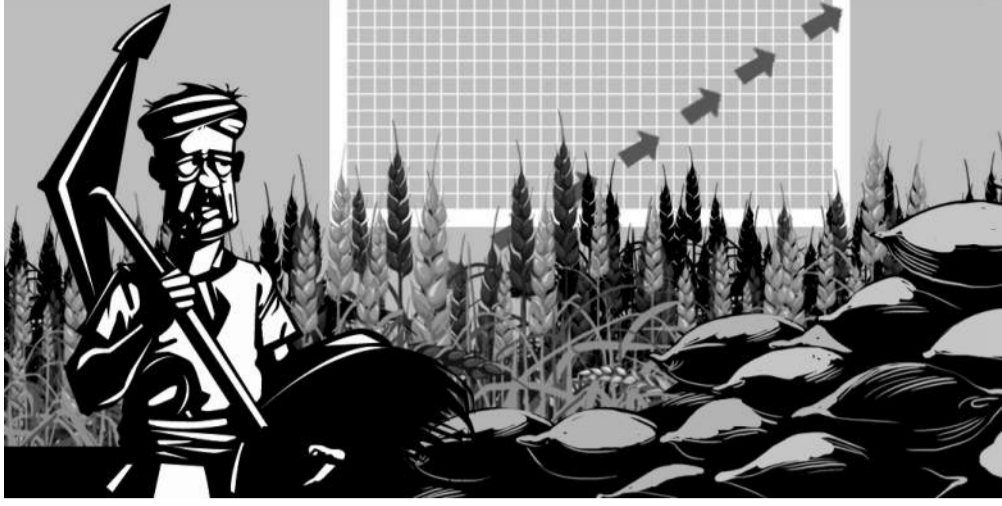
Odisha did a sterling job in disaster management

On October 29, 1999, Odisha went out of contact with the rest of the world for an entire day because of Super Cyclone, which killed nearly 10,000 people. It ranks among the worst natural disasters in the country and a hapless state government only watched as the cyclone ripped its coast. The state was also found wanting on post-cyclone relief measures and there were riots as people starved. Two decades later, all that is distant memory. When Cyclone Fani wreaked havoc in at least 12 districts, bringing life to a standstill in half the coastal state on Friday, the Odisha government was equal to the humungous task. Though it is tragic that 34 people have reportedly died so far, the number should be seen in context. After all, Fani is probably the most extreme weather event to hit the Indian coast in the last 20 years as the cyclone lashed the state with maximum wind speeds of up to 175 km per hour.

The Odisha government deserves compliments for learning the right lessons from Super Cyclone and the remarkable progress it has made in disaster management. It moved fast and set up the Odisha Disaster Management Authority (ODMA), which was the first such body to be set up in India. More importantly, it made sure that the Authority was run independently by competent officials, who ensured a proper risk reduction system was in place and included preparedness activities by families, communities, government bodies and NGOs. The results are visible: In 1999, the state had 21 cyclone shelters; today it has nearly 900. Over the past few days, as the cyclone barreled up the Bay of Bengal towards India, the Odisha government evacuated a million people to higher ground and cyclone shelters. The state also ensured that probable flood inundation villages were identified, rapid response teams were formed, and aircraft and navy ships were kept on standby to aid rescue efforts. The disaster management authority has also trained enthusiastic youth volunteers for relief work who were at the forefront of alerting locals and getting cooperation from civilians on risk mitigation. Of course, the India Meteorological Department too deserves credit for accurate updates about the cyclone path.

While the worst is over, real work begins now. The cyclone has left in its trail vast damages: Thousands of people are feared to have been rendered homeless, and road, power and telecom infrastructure has been destroyed in vast areas, hampering relief work. In 2013, Cyclone Phailin required reconstruction estimated at \$1.5 billion, and it is obvious Odisha would need help from the Central government and others. The affected people will need financial relief, compensation for lost crops, trees and livestock, provision of emergency health intervention, and rehabilitation assistance to rebuild lives. Also, despite the Odisha government's phenomenal work, there is obviously no room for complacency. With extreme weather phenomena increasing due to climate change, there is a need to improve disaster management capacities in many states. The way ahead is to set up an elaborate institutional mechanism by which funding for damaged infrastructure and buildings is readily available. There is also a lot to be done to upgrade infrastructure and housing in coastal districts to meet higher standards of resilience in an era of extreme weather events.

ILLUSTRATION: AJAY MOHANTY



## India: Agricultural trade powerhouse

What many of us have not noticed is that agriculture now yields greater exports than automobiles or garments plus textiles

The mentality of food scarcity is increasingly out of touch with modern India. As yields grow, the only way to prevent local price collapses is to integrate into the global economy. India's agriculture exports are at about \$40 billion a year, which is larger than (say) our exports of textiles and garments put together. Our worldview in agriculture policy needs to shift towards a much more international orientation.

Our self-image in India is that of a country with a high population and food scarcity. While that was the case many decades ago, things have changed. India has a lot of arable land, particularly considering that the weather supports multiple crops a year. We started from very poor yields, with potential gains of two to five times from improved practices.

Yields are getting better, and population growth is steadily declining. It is not possible for us to consume our output domestically; this is part of why we are seeing domestic softness of agricultural prices. These developments gave a great phase of exports of agricultural products. By 2013, India surpassed Australia in agriculture exports, with the highest growth rate in the world over the preceding decade. The trade/GDP ratio for agriculture went up from 11.8 per cent in 2008-09 to 15.2 per cent in 2018-19.

Discussions of Indian labour-intensive exports tend to centre around fields like automobiles, garments, etc. What many of us have not noticed is that a labour-intensive industry — agriculture — now yields greater exports than automobiles or garments plus textiles.

And yet, in recent years, growth has stalled. From the 2001-04 numbers to the 2011-14 numbers, we added about \$34 billion a year to the revenues of agriculture. That growth did not take place in the following years. This may be one element shaping farm distress in the country today. Consistently being part of the export market effectively gives us a minimum support price, the world price.

Unilateral full integration into the world — regardless of protectionism or subsidies in other countries — is now our opportunity. There are four themes about such internationalisation, which are well understood in other industries, that now apply to agriculture.

The first theme is that of specialisation. India is good at doing software and bad at doing hardware or running data centres. Hence, the efficient organisation of the world is for India to make and export software, while renting data centres elsewhere in the world.

In similar fashion, integration into the world economy will profoundly reshape Indian agriculture. Under conditions of trade, we will shift away from producing the things that are best done elsewhere in the world (capital-intensive crops grown on large areas, e.g. sugarcane or wheat) and specialise in doing things that we do uniquely well (labour-intensive small holdings, e.g. fruit and vegetables). This is an old idea that goes back to Ricardo.

The second theme is that of political economy. The domestic policy process can degenerate into a dysfunctional political economy, where special inter-



SNAKES & LADDERS

AJAY SHAH

## News that matters this election season

The organisation I work with publishes the environment and development fortnightly magazine *Down To Earth*. The publication is not designed to make money and is not a product of commerce or a product of the market. It is our means to bring information about the world around us, about the everyday life and of life itself, so that we have the knowledge, which gives us the power to make change. In other words, when we write we make no effort to hide our mission — our neutrality as journalists remains in the skill of reporting news and events from the ground.

But our bias and politics are open — not hidden in reams of corporate gloss — but are an open dare about making the change we want in this world.

The question I want to discuss with you is my understanding of *Down To Earth's* (and other such publications') relevance in today's India and today's world. Today is a cynic's world, where we are seeing as never before the race to the bottom. Countries are showing us their worst sides; leaders are turning into venomous creatures out to polarise people. Real issues are getting lost in the dust and fifth of this virulent discourse, where everybody — all of us — seems "free" only to the extent that we can spill out our vile gits in the now not so open social media. There is no societal decorum that puts lines around what can be said in public and what not.

In this situation, should we ask ourselves, have we failed? Should we even continue hoping against hope that we can make a difference to public opin-

ion? Can we really hope to keep the focus on the real issues that matter?

I believe we must. I also believe that whatever we are seeing today in our world, it is our duty, our job — if you want to call it that — to keep pushing the envelope so that this whimper of real news becomes a scream.

I say this particularly as India is in the midst of elections. In this year, we will get a new government, or we will get the old government as new. Whatever the future, the fact is that magazines like *Down To Earth* must be there to report on issues that concern our today and tomorrow.

In this election, we have seen that the real issues that matter to people — climate change, which is driving weird weather to destroy crops; insurance companies that do not provide farmers relief to cope with this distress; produce that is not getting value to pay for the labour of farmers; pollution that is destroying livelihoods and health and, worse, the drought that is crippling large parts of the country all out of the frame.

Nothing real seems to get our attention anymore. These are not eyeball issues. Social media misses these trends. Politicians today want us to believe that they can afford to forget local issues, issues that matter to their constituents, and still win elections. Elections then are about on poisoned words and polarised politics.

But it is also a fact that even though these issues that matter are not at the top of the headline in

est groups dominate. Integrating into the global economy helps create a new dynamic. It becomes easier to form coalitions in India, across many different special interest groups, aligned around success in exporting. Agriculture in India has long been stuck in terms of policy progress. Now that the trade/GDP ratio in agriculture has reached 15 per cent, and exports have reached \$40 billion a year, there are new possibilities for re-imagining the politics of agriculture policy.

Internationalisation solves some domestic puzzles. As an example, it is hard to make commodity futures markets work in India. But once we internationalise, India will be able to free ride on these markets outside India. Persons in India will look at the futures price outside India and make sowing or storage decisions. Internationalisation helps us sidestep domestic policy problems.

The third theme is that of trade within South Asia. Physical proximity is extremely important for international trade. The most important international trade opportunities for us in India are within our region. This may apply even more for agriculture, given the costs of transportation. We need to create the institutional conditions for intra-South-Asia trade, to obtain the gains from trade in all fields, and particularly with agriculture.

The fourth theme is that of sustained engagement. Many have commented on how India is seen as an unreliable seller owing to periodic bans on export. The problem runs much deeper than this. Exporting is not a simple matter; it requires developing complex organisational capital and business relationships.

Imagine a world where garment or automobile component exports are banned every now and then. This would greatly deter investments by firms in export capability. This includes investments in organisation and process design, business relationships spanning the globe, establishment of offices overseas, products and technologies that cater to the world market, etc. For Indian firms, embarking upon international activities involves complex project planning spread over many years, starting from a few meetings in India with foreign buyers all the way to outbound FDI to establish business operations all over the world.

This same problem applies, equally, for foreign companies who may think about doing business with India. When India vacillates on bans, those companies will be reticent on investing in building an India business. This hampers India's ability to export, as about half of global trade takes place within multinational corporations. For India to export, we need global firms that will commit to growing roots in India.

Our instincts for bans and un-bans are born of the age of food insecurity. The world has changed. India's population is not able to consume the food that India grows. Gains in yield in the future will further exacerbate the problem. We tend to think of agriculture policy as a contest between consumers (who favour low prices) and farmers (who favour high prices). Once we change gear and participate in the global market, this configuration changes. All Indians benefit when we are able to organise ourselves to export more. Land use will shift from low value products to high value products.

The writer is a professor at National Institute of Public Finance and Policy, New Delhi

## Europe's 'golden age'



BOOK REVIEW

MICHAEL A MCFUALL

The Munich Security Conference was a depressing gathering this February. Throughout the Cold War and for decades thereafter, Wehrkunde (as the conference was known when it started in 1963) was the premier event for Europeans and Americans committed to NATO, trans-Atlantic ties and the West.

This year's meeting had little of that. Vice President Mike Pence delivered a Trump-like speech that shocked a quiet hall. He bullied allies rather than celebrating them, most audaciously by urging European partners to withdraw from the Iran nuclear deal and join instead what one former European prime minis-

ter feared might be a call to war against Tehran.

The discussion among Europeans at Wehrkunde was equally disheartening. I spent a few meals listening to Britons and their Continental colleagues debate different Brexit options. In parallel, nervous European liberals dissected the causes of various right-wing populists spiking in popularity throughout the Continent. Few had the bandwidth to contemplate the rise of China and Russia. The darkest discussions swirled around the possible collapse of the eurozone and the European Union more generally.

Both sets of challenges — the future of trans-Atlantic relations and the fate of the European Union — are real. However, the history of Europe over the last 70 years — as traced and explained brilliantly in Ian Kershaw's magisterial *The Global Age: Europe, 1950-2017* — should give at least some credence to the argument that things are not as bad as they seem. In synthesising this period in European history in a long but very readable volume (part of the

Penguin History of Europe series), Kershaw reminds us that the Continent has faced other large challenges in the postwar era and survived; that some long-term trends of peace, prosperity and democracy are both robust and remarkable; and that individuals have agency, and can alter the course of events — they are not mere expressions of those events.

On earlier challenges, Kershaw points out that postwar Europeans tackled difficult issues that make some of today's troubles seem more manageable. During most of "The Global Age," Communist regimes loyal to the Soviet Union subjugated millions of Europeans, sometimes through brutal force, as with Hungary in 1956, Czechoslovakia in 1968 and Poland in 1981. Tensions between East and West escalated precariously close to armed conflict, including once in October 1961 when American and Soviet tanks faced off against each other in Berlin. A year later, all of European security was threatened again because of a standoff between Moscow and Washington in faraway Cuba. Today's Europe, thankfully, is not haunted by the spectre of nuclear war. The probability of a Russian invasion of a NATO member is low.

During this "golden age" for Europe, imperial powers had to navigate decolonisation. The French wars in Indochina and Algeria and the Portuguese wars in Angola and Mozambique were difficult, regime-threatening challenges that make the French and Portuguese problems of the present day look comparatively minor. And Europe endured domestic violence during this golden age, be it from the Red Brigades in Italy, the Baader-Meinhof Group in West Germany, nationalists in Northern Ireland or separatists in the Basque region. Economic setbacks — especially in 1973 and 2008 — disrupted long periods of growth. Even war, sometimes in the form of ethnic cleansing, erupted in the Balkans in the 1990s. Brexit, immigration, populism and even Jihadist-inspired terrorism seem like much smaller challenges than genocide.

Flowing next to and around these security and economic crises, Kershaw traces several positive, long-term trends in European history from 1950 to 2017 that are downright miraculous. Most important, most of the Continent lived in peace during the Global Age, a sharp contrast to the horrific atrocities chronicled in Kershaw's previous volume in this series,

*To Hell and Back: Europe 1914-1949*. Second, partly as a consequence of this first achievement, Europeans on average became richer than at any time before. In Kershaw's estimation, the period between 1950 and 1973 was especially prosperous — a "golden age" or an "economic miracle" for the western part of the Continent, and even a "silver age" for the Communist bloc.

Europe's future is especially hard to predict, as Kershaw emphasises, because "it is easy to underestimate the role of contingency in historical change." Refreshingly, and against the grain of some current intellectual fads, Kershaw allows for the possibility that individuals — not just innate structural forces — can shape history. For instance, Kershaw assigns a pivotal role to Chancellor Konrad Adenauer in transforming Germany from a Continental menace to an anchor of stability and prosperity. Khrushchev gets a big role in Kershaw's narrative, too, for reducing repression in the Communist world. And Kershaw reminds us that Prime Minister David Cameron's decision to hold a referendum on Brexit underscores how the tactical decisions of individual leaders can have strategic consequences. Kershaw ascribes the greatest

agency of all to the Soviet leader Mikhail Gorbachev. "The magnitude of Gorbachev's personal contributions to the dramatic change, not just in the Soviet Union itself but throughout Eastern Europe, can scarcely be exaggerated." This is not to say that Kershaw highlights only the role of political leaders — for good and for ill — in his narrative. He also brings in the masses, recounting how mobilised citizens destroyed Communism; an entire chapter is devoted to "Power of the People."

Kershaw's theory of agency in the making of history allows for a range of possibilities about the Continent's future. European leaders should read *The Global Age* to be reminded of the incredible progress of the last 70 years — and told that such progress is something they have the power to sustain through their individual actions.

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THE GLOBAL AGE  
Europe, 1950-2017

Ian Kershaw  
Viking; \$40; 670 pages