Emotional bond with consumers

Companies can't forget the relationship factor in marketing

HUMAN FACTOR

SHYAMAL MAJUMDAR

Relationship marketing isn't anything new. The term coined in 1983 by Leonard Berry essentially means that businesses should focus more on serving existing customers. Berry's basic premise was that companies would be foolish if they thought marketing was only about winning new customers, rarely about retaining them. Companies all over the world have been practising relationship marketing with varying degrees of success ever since, but marketing guru Jagdish Sheth says the concept needs a reboot.

Sheth should know, going by his scholarly contributions in consumer behaviour, relationship marketing, competitive strategy, and geopolitical analysis. The professor who is currently on a short visit to India, says many companies have forgotten the "relationship" part in their obsession with just "marketing", and need to transition from their single-minded focus on capturing share of wallet to capturing share of heart as loyalty programmes, bundled offerings and personalised services become universal and undifferentiated. "Share of heart, as the name implies, goes beyond offering economic or functional value to bond with customers on an emotional plane. The relationship needs to move from business to friendship," Sheth says.

He gives an example of how even famous names in the corporate world have forgotten the basic rules of engaging with customers while digitalising their operations. Sheth names at least three leading airlines that have not even called once to find out why he had stopped using the frequent flyer miles he had accumulated. Just one call from them would have signalled that they cared for him as a valued customer. Since they didn't bother, Sheth has shifted to other airlines. Relationship marketing is not just more of data analytics; after all, you are dealing with human beings and their emotions, he says.

Relationship marketing stands in contrast to the more traditional transactional marketing approach, which focuses on increasing the number of individual sales. While the importance of the latter can't be undermined, the problem can be this: A customer may be convinced to select that brand one time, but without a strong relationship marketing strategy, she may not come back to that brand in the future.

Bonding on an emotional plane with customers requires a company to be honest, and it doesn't matter if the communication exposes its vulnerable side. Domino's, for example, did that with great effect through a series of ads called Pizza turnaround, in which it showcased a series of negative customer reviews, read by real Domino's employees, before promising a new and improved recipe. By admitting its mistakes, Domino's re-invented its brand as transparent and honest.

Some companies do it by using the "scarcity" principle. For example, airlines and ticket aggregators use it with great effect by using a tagline that says "only three seats left at this price!". This scarcity principle goes back to the simple formula of supply and demand: The rarer the opportunity, content, or product, the more valuable it is in the consumer's mind. Of course, this can't be overdone as it would lose the novelty value soon. Others appeal to self-esteem, which is at the top of Maslow's hierarchy of needs pyramid. People want to feel important; like they're part of an exclusive group. That's why advertising sometimes says: "We're not for everyone."

Of course, the challenge of emotional bonding with customers is becoming more intense every day because of technology, and companies will have to walk that extra mile to make it work. For example, earlier, companies could use their engagement strategy with the requirement of a family. That is simply going away because of what Sheth calls "the rise of the roommate nation". Earlier, family members used to eat together, do things together. Today that is not the case. People are becoming a lot more individualistic in their family behaviour. This means, within a family, there are individual preferences for brands.

The potential for marketing in such a roommate nation is enormous. But the challenge now is to bond with each member of a family who have their individual brand preferences. While mobile phones have made the job easier, companies would have to realise the need for focused customisation — not through an abstract use of technology, but by using technology to create that emotional bonding so that customers go back to them again and again.

CHINESE WHISPERS

Statue of 'disunity'?

The Trinamool Congress has stolen a march over the Congress. The Dravida Munnetra Kazhagam, a constituent of the Congress-led United Progressive Alliance, has invited Trinamool chief Mamata Banerjee *(pictured)* to unveil a statue of the late DMK leader and former Tamil Nadu chief minister M Karunanidhi. The statue will be unveiled at the office of the party organ Murasoli on Karunanidhi's first death anniversary on August 7. DMK chief M K Stalin will preside over the occasion, where National Conference President Farooq Abdullah and Congress leader and Puducherry Chief Minister V Narayanasamy will be present. The Trinamool is not part of the UPA, and with the Congress in turmoil, Banerjee is being seen as the most strident voice in the Opposition. Both West Bengal and Tamil Nadu have Assembly polls in the first half of 2021.

Trinamool vs Trinamool

During the debate on the Right to Information Amendment Bill, the Trinamool Congress's Rajya Sabha leader, Derek O'Brien, was the lead speaker in his party. It so happened that when O'Brien got up to speak, his party colleague and Rajya Sabha member Sukhendu Sekhar Roy was chairing the proceedings of the House. Roy is a member of the six-member panel of vice-chairmen of the Rajya Sabha, and one of them presides over the House in the absence of the chairman and deputy chairman. When O'Brien began to speak on how the government was eroding the authority of Parliament, Roy advised him — more than once — to speak on the issue on hand. As O'Brien continued with what the 70-year-old felt were irrelevant issues, he told O'Brien (58) that his speech was not a "zero hour" mention. O'Brien took the comment in his stride, saying that Roy always played "fair".

Reverse of Karnataka

A day after two Bharatiya Janata Party (BJP) legislators supported the Congress government in Madhya Pradesh on a Bill, self-styled godman Namdev Tyagi alias Computer Baba said on Thursday that four more BJP MLAs wanted to support it. The government has a slim majority, with the support of the Samajwadi Party and Bahujan Samaj Party at that. Computer Baba, who has been appointed chairman of a river trust by the government, had been given minister of state rank by the previous government, run by the BJP. "Four BJP MLAs are in contact with me. I will present them before you (media) when Kamal Nath (chief minister) asks me to do so," he said in Indore. He refused to say who the four were. BJP legislators Narayan Tripathi and Sharad Kol voted for the Criminal Law (Madhya Pradesh Amendment) Bill, 2019, when it was placed in the Assembly. Large defections from the Congress brought down the Karnataka government this week.

Onus on private investment

The focus has to be as much on keeping the risk premium in check as on controlling the levels of the risk-free rate

ILLUSTRATION BY BINAY SINHA

UDAY DAMODARAN

India has set itself a goal of doubling the GDP in five years. The Economic Survey presents a case for unleashing "animal spirits" and making private investment the key driver of this growth. It outlines the creation of a "virtuous cycle" led by private investment that will drive demand, create capacity, increase labour productivity, introduce new technology, allow creative destruction, and generate jobs.

Private investment: The driver?

Should the focus of economic planners be on private investments? Or should investments by the government (public investments) be the driver? There can be no clear answer. Public investments could have negative or positive impacts on private investments. Huge public investments might necessitate government borrowings that push or crowd-out private borrowers from the capital markets. On the other hand, big public investments could create favourable conditions (for example, through creation of better infrastructure) that attract — or crowd-in private investments.

Like the Economic Survey, the Union Budget 2019 too seems to lean towards letting private investment be the driver; not public investments. The Budget did not lay out big ticket public investment plans that could possibly be used as catalysts to crowd-in private investments. The share of capital spending actually came down from an already low 1.1 per cent of the GDP in the previous year to 1 per cent of the GDP. In fact the attempt seemed to be to avoid a crowding-out of private investments. In her maiden Budget speech, Finance Minister Nirmala Sitharaman announced that the government will, for the first time ever, will be directly borrowing from the global capital markets through foreign currency denominated sovereign bonds to meet as much as 10 per cent of its total borrowing needs.

But where is the driver?

So if private investment has to drive the economy, where is the driver? Data compiled by Centre for Monitoring Indian Economy (CMIE) showed a 34 per cent fall in the January-March quarter of 2019 as compared to the same period in the earlier year. At least as of now, the driver is missing. And why may have the driver abandoned her seat? The same CMIE data showed that in value terms an alarmingly high 25.4 per cent of private sector projects under implementation were stalled; put on hold. And why? "Lack of funds" was the most commonly cited reason.

Indian industry has been crying itself hoarse for a long while about what it perceives as a punishingly uncompetitive (high) cost of capital/funds. Emboldened by a period of benign inflation, the Reserve Bank of India (RBI) has been lowering the repo rate (currently at 5.75 per cent), almost continuously over the last five years. Moving in sympathy, the yields on the benchmark 10-year bonds have also been on the decline touching a new low of 6.33 per cent on Tuesday. But this is only a reduction in the "risk-free rate"; the rate at which the sovereign can raise funds. For a private entity, the cost of capital equals risk-free rate of return plus risk premium. If the risk premium remains constant, the reduction in the risk-free rate gets transmitted to the cost of capital. But that is a big 'if'.

The risk-premium has touched 130-140 bps for top rated AAA entities; compared to historical levels of 60-70 bps (*Business Standard*, July 17, 2019: *10-year bond yield hits lowest level since demonetisation, closes at 6.33%*). It has not remained constant; it has risen. The arithmetic of the cost of capital means that the 70 bps increase in risk premium effectively wipes off three consecutive, much debated and laboured over 25 bps reductions in the repo rate. It also tells us that even if the RBI were to lower the repo rate further and even if it were to use its might to buy government bonds and bring down risk-free rates, the cost of capital for a AAA rated entity might still end up not reducing if risk premiums were to increase even more. The arithmetic of the cost of capital also tells us that even by reducing the pressure on domestic markets by borrowing abroad the government can only lower the risk-free rate; not the risk premium. To bring the investment driver back to the seat, the focus has therefore to be as much on keeping the risk premium in check as on controlling the levels of the risk-free rate.

Risk premium, credit crisis and 'animal spirits'

Erroneously, often, excessively high risk premia are attributed to a capital crisis, to a 'lack of funds'. However, they may actually be reflective more of a 'credit crisis': excessively risk-averse, tight-fisted lenders might be sitting on adequate capital but might not be willing to lend out except at high risk premium levels. The global economy struggled with similar problems after the dot-com bust of 2001 and the subprime credit crisis of 2007.

Prising open the fists of excessively risk-averse lenders is easier said than done. Risk-aversion is about fear; and about trust. It is psychological, behavioural. Animal-linked metaphors come in naturally and easily, thus, when talking about risk aversion. The Economic Survey talks about letting "animal spirits" thrive. Commentators talk about "the Asian tiger", "the Indian elephant", "and the Chinese dragon".

Animals are dispirited when they are fearful; when there is uncertainty and ambiguity. Private investment needs long periods of calm on all fronts — policy, legal, economic, social and political — to be cajoled out of the cage and into the driving seat. Chapters 5 and 6 of the Survey discuss these issues. But there has to be continuous demonstration of intent. Even a single IL&FS like event will get them scurrying back into the cage. Or episodic instances of policy surprises; or social unrest; or political uncertainty. There has also to be a cultural shift; a shift away from the blame culture. Investors need to be assured that they will not be hounded and vilified if they were to fail; by definition private enterprise cannot guarantee successes alone. A voyeuristic environment in which failed investors are taunted and poked-at — like caged animals in a zoo — will only ensure that they remain in their cages.

Will risk-aversion come down? Will thus there be easier credit and lower costs of capital? As the survey says "economies are intricately interwoven systems" and we are in a "world of butterfly effects and unintended consequences". Policy stances are often acts of faith that require liberal doses of good luck. Let us hope that we are showered with large doses of good luck and that the driver gets out of the cage and onto the driving seat!

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BUSINESS LIFE

How to climb out of the abyss

Nokia CEO Rajeev Suri has delivered on his promises, and is, amazingly, well on track to meet his full-year goals

ALEX WEBB

Nokia Oyj started as a single paper mill in 1865. In recent years, it's the stock that has been through the mill, as the maker of telecommunications equipment has ebbed and soared with each burst of spending on next generation mobile networks.

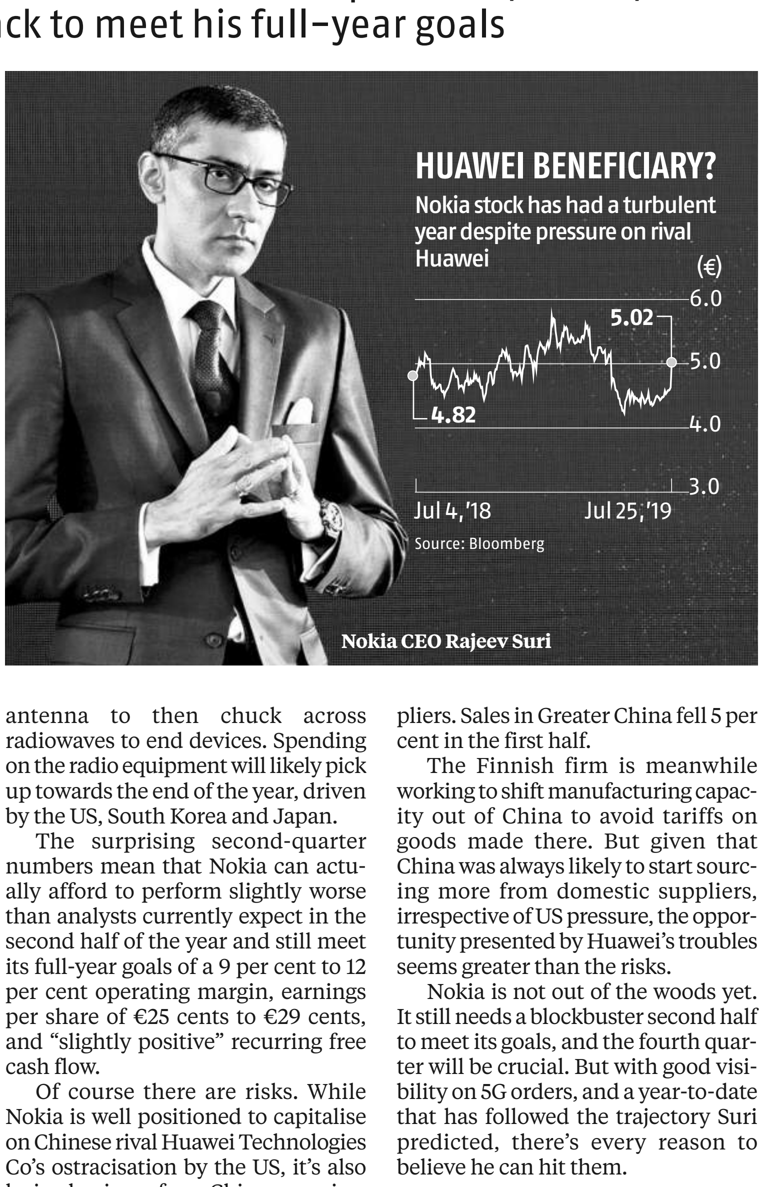
Chief Executive Officer Rajeev Suri has steadily toiled away to drag the Espoo, Finland-based company through to the next leg of growth promised by 5G. The fruits of that labour appear finally to be paying off.

It's early days, but adjusted operating profit hit €451 million ($502 million) in the three months through June, exceeding analysts' €303-million average estimate. The shares jumped as much as 9 per cent.

At the start of the year, the situation looked tough. Nokia posted an operating loss of €59 million, when analysts had predicted a €283-million profit. Suri stuck by his 2019 targets, though plenty thought him brave to do so.

But the scale of the outperformance in the second quarter shows we maybe should have taken him at his word. He predicted a soft first half with a "particularly weak" first quarter, and it was just that. He continues to predict a "soft" third quarter followed by an acceleration on 5G spending towards the end of the year. Suri has communicated clearly and kept his promises, unlike Nordic competitor Ericsson AB.

The first half of the year has been characterised by carriers spending to build their underlying fixed networks. These can ferry vast gobs of data through fiber optic cables for 5G antenna to then chuck across radiowaves to end devices. Spending on the radio equipment will likely pick up towards the end of the year, driven by the US, South Korea and Japan.



Nokia CEO Rajeev Suri

The surprising second-quarter numbers mean that Nokia can actually afford to perform slightly worse than analysts currently expect in the second half of the year and still meet its full-year goals of a 9 per cent to 12 per cent operating margin, earnings per share of €25 cents to €29 cents, and "slightly positive" recurring free cash flow.

Of course there are risks. While Nokia is well positioned to capitalise on Chinese rival Huawei Technologies Co's ostracisation by the US, it's also losing business from Chinese carriers who are preferring their domestic suppliers. Sales in Greater China fell 5 per cent in the first half.

The Finnish firm is meanwhile working to shift manufacturing capacity out of China to avoid tariffs on goods made there. But given that China was always likely to start sourcing more from domestic suppliers, irrespective of US pressure, the opportunity presented by Huawei's troubles seems greater than the risks.

Nokia is not out of the woods yet. It still needs a blockbuster second half to meet its goals, and the fourth quarter will be crucial. But with good visibility on 5G orders, and a year-to-date that has followed the trajectory Suri predicted, there's every reason to believe he can hit them.

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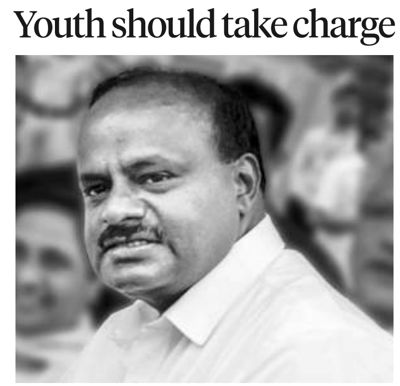
LETTERS

Youth should take charge



This refers to "The buck stops with the electorate" (July 25) by Yogendra Yadav. Yadav is absolutely correct when he says law can't stop Indian politicians from defecting but voters. Voters, both literate or otherwise, in general do not think and vote for candidates. The 2019 general election has proven that clearly. People have followed only the PM's appeal and nothing else.

Voters in Karnataka and elsewhere have been taken for granted by the parties. First they seek vote in the name of the party they represent and then they switch over and come back under a different party with a promise to serve them better. The new generation of young voters unlike the old ones will have to come forward to vote against defectors regardless of who makes the appeal. Unless the defectors are punished, the anti-defection law will not its ground.

N Nagarajan Secunderabad

Dissent and democracy

The letter penned by 49 celebrities to Prime Minister Narendra Modi highlighting the spike in attacks on Muslims, Dalits and other minorities and seeking his intervention to prevent their recurrence echoed the sentiment of all right-thinking people.

No impartial observer of India's political and social scene would refuse to concede the correctness of the statement made by the celebrities in their letter saying "Jai Shri Ram has become a provocative 'war-cry' today". In forcing non-Hindus to chant Jai Shri Ram, Hindutva zealots do not deify Ram, but defile his name. It is a cocktail of bigotry and impiety to force anyone to chant the name of a deity against his will. The creation of an environment of religious intolerance and hatred must be deplored and condemned unequivocally.

The problem is not religion per se but religious fundamentalism that is blind to the preciousness of all life. Citizenship cannot be made conditional on chanting any deity's name. Division and disunity in the name of religion take the focus away from the need (and the efforts required) to mitigate widespread impoverishment. The poor are pitted against each other along religious lines so that they do not unite in fighting for their rights. As for 'dissent' and divergence of opinion, they lend substance to democracy. Any political system refusing to allow dissent becomes a tyranny.

G David Milton Maruthancode

The new currency

This refers to "Embracing innovation" (July 25). If bitcoin had no apparent moorings, Facebook Libra intends to build one through a financing collective to keep it insulated from wild swings in valuation. It may eventually get linked to a basket of world currencies thus giving cryptos a body. Blockchain, a platform that brings cryptocurrencies into play and serves as the distributed ledger, will be the

soul and form the network. This network will create the means for transacting, and enable transferring of value and information. Falsifying will be virtually impossible. Bitcoin already uses this model for monetary transactions.

The crux would be the ultimate design, structure and management of cryptos. Till date, neither progenitors of cryptos nor regulatory agencies have adequate ken and hence, a road map for the future is needed.

For all we know, if handled well, cryptos may change the present dollar dominated transactions regime. The world is turning digital. Cryptocurrency, or virtual money, some claim could be the new gold standard. That is what is innovation.

R Narayanan Navi Mumbai

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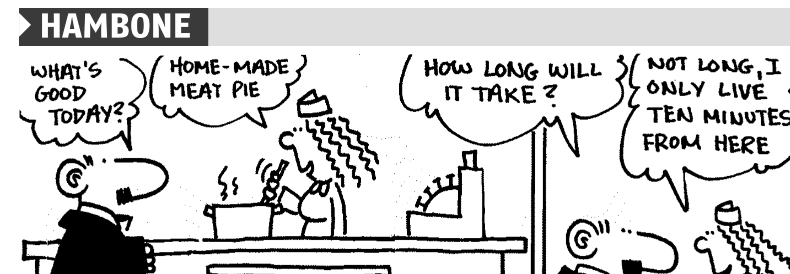
HAMBONE



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The telecom divide

Differences in the sector need to be settled swiftly

The Digital Communications Commission's (DCC's) approval of a cumulative penalty of ₹3,050 crore on Bharti Airtel and Vodafone Idea for refusing to provide points of interconnection (PoIs) to Reliance Jio has once again brought out the sharp divide in the industry. The affected telcos have issued statements that legal recourse will be explored. In any case, the DCC, a government panel comprising several top bureaucrats across ministries, is not the last word in the matter. It is for the Department of Telecommunications (DoT) to take a decisive call on the penalty after weighing the arguments of all stakeholders. Incidentally, the DCC (formerly Telecom Commission) and the DoT are both headed by the telecom secretary. The department had set up an expert committee in 2016, when the issue arose, and has been studying the matter for three years.

In October 2016, the Telecom Regulatory Authority of India (Trai) had recommended imposing a penalty of ₹1,050 crore each on Airtel and Vodafone India, and ₹950 crore on Idea Cellular (before the merger of Vodafone and Idea) for allegedly denying PoIs to then new player Reliance Jio. The Trai recommendation followed a complaint by Jio that over 75 per cent of the calls on its network were failing as incumbents were not releasing a sufficient number of PoIs, which are used to connect two operators' networks so that a call can be completed. The Trai recommendation of hefty penalties was based on the premise that incumbents, by denying sufficient PoIs to Jio, went against the public interest. The regulator had called these telcos anti-consumer, saying they were stifling competition. However, the incumbents have argued the requested PoIs were provided within the prescribed time limits, adding that those were more than the numbers requested for.

There has been much back and forth between Trai and the DCC on penalty, and it should be settled once and for all. Given the argument of those facing the fine, the DoT must examine all aspects before slapping the penalty. The DCC last month approached Trai, seeking a review of the amount of fine. After Trai refused to change its recommendation, the DCC approved the original penalty. Meanwhile, the delay in taking a decision on the penalty is under the scanner of the Central Vigilance Commission. The corruption watchdog had earlier this year asked the DoT to investigate the role of certain officials in delaying it. Recently, the DoT submitted its investigation report to the CVC. Since the issue has taken so much time, the DoT should ensure that all aspects are examined. Also, it would do well to assess how differences can be settled swiftly. This will allow the company managements to focus on business. The industry is under severe financial stress and recent consolidation has resulted in making telecom a three-player industry, which once had more than 10 participants. Any further consolidation or exit will mean the industry will be left with no competition. But there is also considerable merit in the argument that the financial condition of the industry should not be the sole criterion in determining the fine if there has been a violation. What is important, however, is that the decision should be just.

Labour migration works

AP law reserving jobs for locals is a bad precedent

On Wednesday, the newly elected Andhra Pradesh Assembly passed legislation that would reserve 75 per cent of industrial jobs in the state for locals. This fulfils an election promise the YSR Congress, the ruling party in the state, had made in this year's Assembly election campaign. Companies have been told they have three years to comply with this law. Only certain factories in sectors such as pharmaceuticals and petroleum will be exempt, and that too only on a case-by-case basis. This is a new development in what has been a long-running conflict — not just in Andhra Pradesh but in many states that have seen substantial migration, such as Maharashtra.

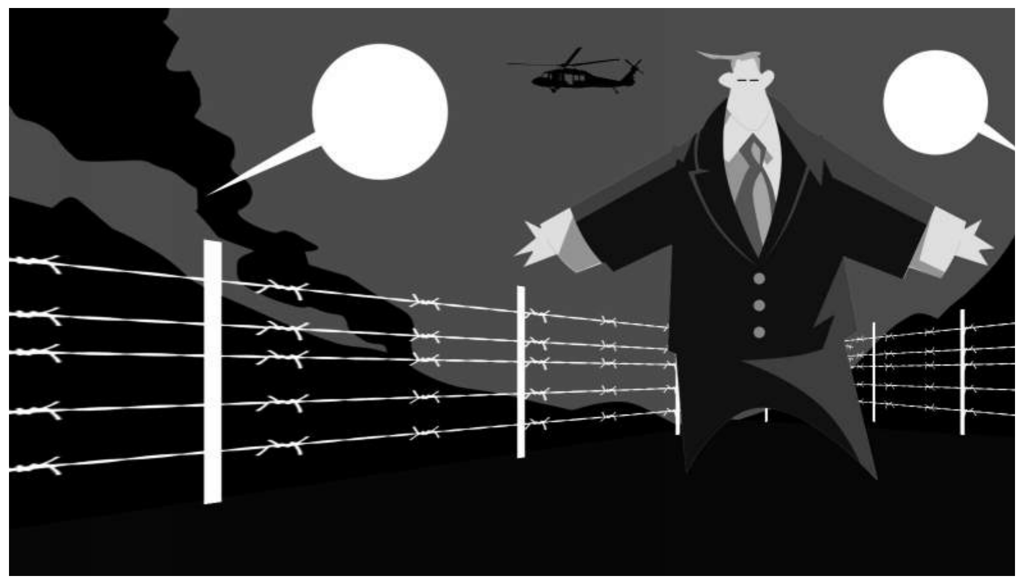
Politicians who operate in states are often tempted to keep their promises of jobs by forcing private companies to hire locally. But the consequences of such legislation are unlikely to satisfy job-seekers. Companies will think twice about locating in Andhra Pradesh. In fact, companies there will see their labour costs rise and the pool of hireable labour shrink, and will in many cases choose to leave for a more satisfactory business climate — whether in another state or outside India altogether. Capital flight will become a reality. This is not a recipe for job creation and growth, but one for stagnation and urban distress.

Andhra Pradesh has long had a reputation for being business-friendly, but this legislation will dampen sentiment considerably. The state government has said a shortage of skilled labour is not an excuse for not hiring locals — the companies themselves will have to train unskilled workers in that case. This passes on the responsibility to build a skilled workforce from the government to the private sector, which has, of course, every incentive now to leave. What is worse is that this legislation may well find imitators elsewhere in India. Indeed, a less expansive variation exists in the industrial policy of the Congress-led government in Madhya Pradesh, which requires that 70 per cent of jobs in any factory set up with financial or other assistance from the government be reserved for locals.

Bad but populist policy can spread like wildfire. It is entirely possible that other states with large pools of migrant labour — such as Maharashtra or Karnataka — will begin to discuss their own variation of this law. It is hard to see this as being in keeping with the principles of the Indian Constitution. It will also severely hamper Indian growth prospects. A basic and well-understood principle in growth theory is that unskilled labour must move to the cities, where it can then feed into the modern economy. In India, with its regional disparities, this process will naturally have to work between states and not merely within them. Restrictions on labour mobility will affect India's growth prospects.

Large countries such as China have done better, partly because of this internal migration effect. Such legislation will also enhance the resentment that is already growing between those parts of India that are more embedded in the world economy, such as the coasts and the south, and the hinterland of north India, which has a large reservoir of unemployed youth with few prospects close to home.

ILLUSTRATION BY BINAY SINHA



Why does India resist mediation on Kashmir?

There is no real pressure on India to address the dispute because we are securing from Pakistan what we want through other means

The question is thrown up because of an exchange, minor and casual for the United States but apparently vital and embarrassing to India, between US President Donald Trump and Pakistani leader Imran Khan. Mr Trump's comment was: "I was with Prime Minister (Narendra) Modi two weeks ago. We talked about this subject and he actually said: 'Would you like be a mediator or arbitrator?' I said: 'Where?' He said: 'Kashmir'."

REPLY TO ALL

AAKAR PATEL

This is quite specific and unambiguous. The obvious thing for India to do, assuming Mr Modi did not in fact say this, or even if he said it differently, was for Mr Modi to speak and clarify or deny. He chose not to do this, apparently, because it would be seen as snubbing Mr Trump. The denial came from the foreign ministry and there, the matter has rested.

But to return to our question, what could be the possible reasons for our not wanting mediation on Kashmir, while Pakistan repeatedly seeks it? And why is even talk of mediation seen as an important national issue on which the opposition thinks it can embarrass the government? Let's examine the matter.

The first reason why India resists mediation could be that India is sovereign and independent (as is Pakistan) and does not need another power to intervene. This could be for reasons for pride and honour or for reasons for suspicion and a lack of trust. This is the "none of your business" argument.

The second reason could be that international mediation or intervention has already been tried and it has failed. After Pakistan's invasion and capture of what we call Pakistan occupied Kashmir (PoK), then prime minister Jawaharlal Nehru went to the United Nations for justice. This happened in the period in which America set great store by the "right to self-determination" worldwide, as Europe was decolonising and the second world war had left many nations occupied by the victorious forces.

Nehru promised Kashmiris a plebiscite which did not materialise because, according to our narrative, the conditions were not met. Older readers may be familiar with the sequence, in which the Security Council asked Pakistan to vacate or demilitarise PoK, which it did not do, blocking the other parts of the sequence leading up to the plebiscite. A few Security Council resolutions ensued but the thing died because of a lack of movement.

The third reason is that there is already a framework for resolving the Kashmir dispute. Former PM Indira Gandhi defeated Pakistan in war and forced ZA Bhutto to commit to bilateral resolution of all disputes, including Kashmir. The Simla Agreement remains the accepted framework.

The fourth reason for our resisting mediation could be that India prefers the status quo to a resolution. We have seen brave words from our Parliament, which resolved 20 years ago to take back PoK from Pakistan, but there has been no movement on this under three governments. Indeed, unofficial Indian 'solutions' to the Kashmir dispute usually tend to favour converting the Line of Control (LoC) into a border, while it is Pakistan that keeps pushing for something more. It seems that we appear to prefer the status quo. If this is so, it also indicates that we believe our case is weak and we do not want to risk losing the status quo.

The fifth reason could be that we have already secured mediation or intervention on that part of the Kashmir dispute which we are focussed on: Cross-border terrorism. America has been vocal under this administration about Pakistan acting against groups that create mischief in Kashmir, like the Lashkar-e-Tayibba and Jaish-e-Mohammed. The recent locking up of Hafiz Saeed is linked to this pressure from the US. India wants the world to know what is happening on the terror front in Kashmir and seeks intervention in terms of pressure on Pakistan. India keeps nudging multilateral bodies such as the Financial Action Task Force to act against Pakistan on the issue of violence in Kashmir. What we do not want is intervention on the other aspects of the dispute, particularly the human rights violations by the armed forces and the suppression of democracy.

This strategy appears to have worked in our favour. Violence in Kashmir dropped 90 per cent between 2002 and 2014. It picked up again under this government but is still well under the historical highs before the incident of 9/11. It may amaze readers to know that only 25 years ago, it was India that was repeatedly asking Pakistan for talks while they showed no interest. Today, it is the opposite.

There is no real pressure on India to move to address the dispute because we are securing from Pakistan what we want through other means.

Internally, there is no honest assessment in India about what the Kashmir issue is, or where its locus is. The blindingly obvious fact is that the problem and the solution to it is in Kashmir and not in Pakistan. If India were to resolve this with its own citizens, there would be no role for Pakistan or anyone else. But we have chosen instead to believe that the problem is limited to that of terrorism and when or if it is managed there is nothing else to talk about.

And it is true that first because of the divisions of the Cold War, then a total lack of interest from boredom and more recently because of India's rise as an economic power, the global community has not been able to step in or keen to step in. All this has helped us avoid the attentions of the world and continue with our internal Kashmir policy.

The fallout of the Trump-Imran meeting in India will convince outsiders that we fear intervention because of some weakness. This may be untrue but it is the message we have sent out.

These men are dangerous

You could easily imagine Wild West-style posters: "*Wanted, the two most dangerous men for the global economy: Donald Trump and Boris Johnson*". This is not a fancy suggestion considering that the latest forecast of the International Monetary Fund on July 23, cutting global growth to 3.2 per cent from 3.3 per cent this year and 3.5 per cent from 3.6 per cent in 2020, mentions: "The principal risk factor to the global economy is that adverse developments — including further US-China tariffs, US auto tariffs, or a no-deal Brexit — sap confidence, weaken investment, dislocate global supply chains, and severely slow global growth below the baseline."

Both the American president and the new British prime minister are leading deeply divided, polarised countries, uncertain about their future and agitated by strong populist currents. Both men are quite unprincipled, egotistic, focused on their self-interest. However, while Mr Trump has taken control of the Republican Party and does not see any real threat to his power for the time being — and he stands a very good chance at re-election if the present ineptitude of the Democratic Party persists — Mr Johnson is assuming the premiership in an extremely difficult and dicey circumstances.

CLAUDE SMADJA

To a large extent, these circumstances are of his own making. And by repeating his pledge in the first speech as prime minister that Brexit will happen on October 31 "no ifs, no buts" Mr Johnson is pointing out to three possible outcome options — each of them theoretically very implausible:

First option: The Brexit deal negotiated by former prime minister Theresa May with Brussels is remodelled by October 31 to meet the demands of the hardline Brexiters, among other things with respect to the backstop element ensuring that there should be no new physical checks or border infrastructure between the two Ireland in case of no agreement reached after Brexit on the future relationships between London and the EU. But it is highly unlikely that, beyond purely cosmetic changes in the political declaration that comes with the Brexit treaty proper, Brussels would agree to reopen a negotiation on any significant part of the agreement reached with Ms May — and rejected three times by the British Parliament.

Second option: Downing Street asks for a prolongation of the deadline of October 31 for Brexit to get more time to convince Brussels to reopen the negotiation. This would be such an about-face for Mr Johnson that it could be a political killer for him; and — given the present mood in the European Union — and the antipathy towards the new British prime minister— it would take a lot of imagination to see the European leaders agreeing to reopen the negotiation and having to go again through the process of getting the new agreement endorsed by the 27 members.

Third option: Facing a deadlock with Brussels, Mr Johnson sticks to a no-deal Brexit happening on October 31. But then he would be confronted by the opposition of the majority of members of the Parliament who don't want a no-deal Brexit. If the prime minister were to close the Parliament to prevent it to oppose a no-deal Brexit, he would then open an unprecedented constitutional crisis. If the no-deal Brexit were to be subjected to a vote then the prime minister could either dissolve the Parliament and go for elections — that he would very likely lose — or call for another referendum.

At this stage these options are of course quite hypothetical and there is no underestimating the kind of new rabbit or U-turn an opportunistic Boris Johnson could draw from his hat. For the moment, the purge of 17 ministers opposed — or lukewarm to — a no-deal Brexit and their replacement by hard core Brexiters are meant to show that he means what he says. Who knows? His bet that European leaders will balk because a no-deal Brexit — although more damageable to the United Kingdom than to the EU — will nevertheless be disrupting enough for an EU with a new leadership and beset with other challenges might work after all. We have witnessed so many "unthinkable" developments in the last few years.

But the reality that remains is the kind of uncertainty that the Brexit factor is adding to a global economy which keeps losing steam, with investors all over the world already weary of too many risks and too much volatility. Significantly, the American Federal Reserve is expected to cut interest rates by a quarter percentage point at the end of the month — with maybe an additional cut before the end of the year. Mario Draghi, the president of The European Central Bank, has made it clear that he is prepared to cut interest rates and start a new round of quantitative easing before leaving his position in October to counter the negative impact of economic uncertainties and prevent a further global economic slowdown.

There has never been a time over the last 50 years or more when geopolitical risk has weighed so heavily on economic and business decisions. A time when the ability to fully understand the full ramifications of different risks, to anticipate their potential impact, to assess which factors will tilt the balance one way or the other at the end of the day, has been so crucial for business and the conduct of economic policy. And expect the likes of Mr Trump — and now Mr Johnson — to keep it that way for the foreseeable future.

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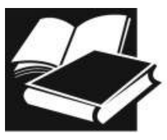
Saudi women: A counter-factual story



BOOK REVIEW

HASAN SUROOR

"I did my groceries at Safeway, I bought my shoes from Marks & Spencer, I watched movies on Amazon Prime..."

This is not an excited holidaymaker on the joys of being in London or New York, but the author of this book Nicola Sutcliff writing about her life in Riyadh which, she found, was nothing like the hellhole portrayed by her French compatriots back home. She says she was "surprised...how little culture shock I actually suffered". She went on to live in Saudi Arabia for four years teaching at its first women's university; and her experience bore little resemblance to the unremittingly "negative" Western narrative about life in Saudi Arabia, especially the status of its women.

"It was a negative narrative cemented by its repetition. Every news article I read on the country seemed to follow the same cut-and-paste formula. The first paragraph outlined the headline issue, the second — regardless of the article's topic — offered commentary on the female driving ban, and the third helpfully informed the reader of any executions ordered during the preceding months," she writes wryly, recalling that when she told her parents that she had been offered a well-paid academic post abroad they were delighted but when they learned that "abroad" was Saudi Arabia their "smile froze".

What she discovered was that the Western perception of Saudi Arabia, especially its attitude towards women, was shaped by a combination of ignorance, wilful prejudice, and "sensationalist" media reportage. Saudi Arabia had become the "pantomime villain of international media, rivalled only perhaps by North Korea".

The reality, Ms Sutcliff points out, is that once you discount the social and cultural differences unique to all societies the desert kingdom is like any other place. Riyadh is not exactly Paris; Saudi Arabia is a socially conservative society (indeed, illiberal by Western standards); individual freedoms are restricted; even more restricted for women. But it's more to do with deeply-ingrained traditional social and cultural practices than with any Islamic "conspiracy" to oppress women as suggested in the Western narrative.

Ms Sutcliff spoke to hundreds of Saudi women of different groups and from different strata of society — conservative matriarchs, middle-aged housewives, young professionals (journalists, doctors fashion designers), students and rights activists. Most of the interviews for this book were conducted between 2014 and 2017.

Opinion varied but "regardless of their differing views" they rejected the idea that they were "oppressed" and ridiculed Western campaigns on their behalf as propaganda.

She found that issues such as the driving ban (now lifted), the burqa and gender segregation portrayed in the West as emblematic of Saudi women's second-class status barely bothered most women. Rather than playing the victims, they saw themselves as "queens of the kingdom".

"Queens don't drive," they joked.

Ms Sutcliff writes: "These were not the oppressed victims in need of rescue or international intervention I had read about in the papers or online — I was looked at with utter bewilderment when I mentioned...international NGOs campaigning on their behalves."

Yes, they are aware of the barriers they face in a deeply conservative patriarchal society but they are also fighting against them in their own way while remaining "proud of their homeland, their families, and the changes they are witnessing — and instigating." Notwithstanding profound cultural differences, in essence Saudi women are no different from their counterparts elsewhere when it comes to their everyday concerns, she claims. They have "far more in common" with the global sisterhood than what sets them apart.

"I was reassured in my conviction that ...despite what those attention-grabbing headlines would have us believe, Saudi women' primary concerns are not... patriarchal oppression or the dimensions of the cloth that covers them, but rather of the standard of education enjoyed by their children, the challenges of balancing work and child care," Ms Sutcliff says.

Her impressions, however, must be seen in the context of the timing of her Saudi sojourn. It was a period of profound change —"a remarkable period in Saudi and global women's history," as she points out.

"During this time, women in Saudi Arabia gained the right to vote, to work in retail, to accept employment without their male guardian's permission, and, indeed to manage their own businesses...a society on the cusp of change."

What she witnessed was in such stark contrast to the "two-dimensional stock images of black-veiled figures" she had been fed, that she felt a compelling need to disseminate it to the wider world.

Ms Sutcliff is a Paris-based linguist, teacher and writer; and the book is as much a product of intellectual curiosity as about a sense of fair mindedness to acknowledge Western prejudices around Islam and the Muslim world. But, she points out, "stereotypes run both ways". And one of them is how women in the West get thrown out from their parents' homes on their eighteenth birthday, spend "every night in a different bed", and that prostitution is "a mainstream career option". It's so widely prevalent that women even "in their most honest moments" fail to mention it. Maybe a topic for her next book?

QUEENS OF THE KINGDOM: THE WOMEN OF SAUDI ARABIA SPEAK
Nicola Sutcliff
Simon & Schuster
374 pages; £14.99