Understanding the process of ageing

Can we reverse the effects of ageing to extend potential lifespan?

QUANTUM LEAP

DEVANGSHU DATTA

There have been many stunning advances in the biosciences but the process of ageing remains mysterious. Life expectancy has increased in most places due to better nutrition, improved hygiene and healthcare, buttressed by new medicines and genetic research that tackles previously incurable diseases and conditions.

The average person can expect to live longer, and maintain better health than in any previous era. But can the longevity of the species itself increase?

Every historical era has produced the odd individual who lived 80-90 years, or longer, in times when average life expectancy was less than 40.

We can certainly hope that more people will attain longer lifespans. Life expectancy across the EU exceeds 80 years, and Japan, Singapore and Switzerland are 85-plus. (India is 69). But is it possible to extend lifespans to say, 120 years, or longer? Some people think so.

There are therefore, two related but different goals, for researchers and policymakers. One is to create a policy environment where more people live longer, and remain healthier. The other, more ambitious goal is to understand ageing, and reverse its effects to extend potential lifespan.

There are around 500,000 people aged 100–plus at the moment. This number will roughly double in every future decade. A statistical analysis in Sciencejournal (The Plateau of Human Mortality *https://science.sciencemag.org/content/360/6396/1459*) suggests there may be no obvious limit to lifespan.

Italian demographers Elisabetta Barbi and Francesco Lagona, and the Italian National Institute of Statistics, looked at the records of 3,836 people, aged 105 or older in Italy, between 2009 and 2015. As we know, intuitively, as well as statistically, the risk of dying increases for every adult. That is, a 21-year-old is slightly more likely to die in the next 12 months, than a 20-year-old, and that risk continues to rise with every year.

Oddly, this study indicates that the risk “plateaus” after 105 – the risk of dying in any given 12 month period seems to stay at around 50 per cent after the age of 105. This could be a statistical, or methodological quirk, or it could indicate some biological phenomenon where cell-repair processes balance off ageing effects.

The XPRIZE Foundation, which has supported space research and robotics, among other things, recently became interested in longevity research. One of the XPRIZE Board members, Sergey Young, has raised $100 million for a Longevity Vision Fund. This will invest in biotech startups, researching longevity-related areas.

Young believes lifespans can be increased to 200 years and that the technologies to enable this can be made available to over 1 billion people. X-PRIZE founder, Peter Diamandis is more measured but upbeat in saying, “Adding 20 to 30 healthy years on a person's life is likely to be the largest market opportunity on Earth. The convergence of genome sequencing, AI and cellular medicine will enable breakthroughs that will make 100 years old, the new 60.”

XPRIZE recently held a longevity conference and released a road map, which listed 12 areas, where breakthroughs or improvements could promote better health and increased life expectancy. According to The Lancet, over 70 per cent of deaths are due to chronic age-related diseases. The list includes cancer, Alzheimer's, heart disease, liver disease, etc.

The 12 listed breakthrough areas include creating big databases that collect real-time ageing data from individuals, creating a list of universally accepted biological markers as a global benchmark for ageing research, replicating and fine-tuning studies that indicate calorific restriction could prolong life, tools or tests to provide early warnings of at least three ageing-related diseases, any cycle of rejuvenation that works with animals, postponing the emergence of at least three ageing-related diseases with broad-spectrum treatments, analysis and insight into the capacity to process nutrients, a quantified “theory of ageing” that ties all the mechanisms of ageing together, and easy exercise systems, or biomedical systems that replicate the positive effects of exercise.

These are ambitious but understandable areas for study. The three "science fiction" objectives are: First, “arresting ageing by completely stopping the ageing process for at least one year”. This would have to be demonstrated first on mammals and then on humans. The second is creating a model of the human body which is detailed and accurate enough to replace experimentation with human subjects. This could circumvent current restrictions on research, which could be of potential benefit but likely to be dangerous to the subject. The third is “ageing circumvented: A method to move the brain — with or without the entire head — of one person to the body of another, or to a non-human vessel, for over a year, while maintaining conscious thought or (in the case of cryonics) demonstrating that consciousness can be recovered after a time”.

Achieving this would effectively mean immortality.

Growing crisis of the educated unemployed

When you put the reports by HRD ministry and CMIE survey together, you are looking at a simmering volcano

YOGENDRA YADAV

While Indians were busy celebrating the country's global triumph and commiserating about its terrestrial adventures, two important reports went almost unnoticed. The eighth annual All India Survey on Higher Education 2018-19 was released by the Ministry of Human Resource Development last week. It coincided with the release of four-monthly report “Unemployment in India — A Statistical Profile” for May-August 2019 by the Centre for Monitoring Indian Economy.

Put together, both these surveys point to a simmering volcano of educated unemployment. This could be the visible face of the economic slowdown and could well become a political challenge to the regime.

Strange as it might look, the quality of statistics available for our higher education institutions has been much poorer than our statistics on school education. Sensing this gap, the central government instituted AISHE (All India Survey on Higher Education) in 2011-12. We now have official (self-reported and unverified) statistics on the number and nature of higher education institutions, student enrollment, and pass-out figures along with the numbers for teaching and non-teaching staff. Sadly, this official survey does not tell us much about the quality of teaching, learning or research. There is no equivalent of Pratham's ASER (Annual Status of Education Report) survey or the NCERT's All India School Education Survey.

Degree holders without skills

The recent AISHE 2018-19 survey flatters to deceive. It tells us that the number of universities in the country is now 993, more than 50 per cent up from the 642 universities the country had in 2011-12. The fine print brings bad news: the increase is fuelled primarily by mushrooming of private universities. Of the 351 universities added in the last eight years, 199 were private universities approved by state governments. The report tells us little about the quality of education in these private universities. As someone who sat on the University Grants Commission (UGC) for a while, I can say that many of these are low-grade teaching shops that only bring disrepute to the idea of education. Their growth is not good news.

In terms of enrollment, we now have 37.4 million students doing something or the other in higher education; the number stands at 33.4 million if we consider only those who are pursuing proper, regular courses and not the joke that happens in the name of distant learning. This might look impressive unless we remember that this is only 26 per cent of our population aged between 18 and 23. So, about three-fourths of those who should be in higher education are still not there. Our higher equation system awards a little less than one crore degrees (9.092 million to be precise) every year.

Most of these (about 6.5 million) are students who get an undergraduate degree. Most of the students with such degrees learn very little in terms of knowledge, life-skills or any other skills relevant to employability. For a country of our size, we produce less than two lakh MPhil/PhD degree holders annually who presumably have some research skills. Our higher education faces both a quantitative and a qualitative challenge.

One good feature of the report is that it gives social breakup of students and teachers. At least in quantitative terms, women have nearly bridged the gender gap: nearly 49 per cent of students enrolled in higher education are women. In terms of overall enrolment, the real crisis is not among the Scheduled Castes (14.9 per cent of students, compared to 16 per cent share in population) or even Scheduled Tribes (5.5 per cent, compared to 8 per cent share in population), both slightly below their population share, but among Muslims (5.2 per cent) the share in higher education is about one-third of what it should be as per their share in the population (14.2 per cent as per last Census). The same situation prevails among the teachers too, where even the SCs (8.5 per cent) and STs (2.3 per cent) continue to be seriously under-represented despite legally mandated reservations. We also have the challenge of equity in educational opportunities.

Educated but unemployed

Now match this information with the latest estimates generated by the CMIE survey on unemployment. The latest report for May-August 2019 points to a steady increase in the unemployment rate, which has risen from 7.03 per cent in May to 8.19 per cent at the end of August. (The methodology adopted by CMIE is a little different from that adopted by the official National Sample Survey Office, hence the estimates tend to vary). This is much above the current global average of 4.95 per cent as estimated by the International Labour Organisation.

What is most striking here is that unemployment levels rise rapidly with a rise in education level. Unemployment is negligible among the uneducated and those who did not go beyond primary school, mainly because they cannot afford to remain unemployed. The unemployment level jumps to 15 per cent, roughly double the national average, among those who are graduates and above.

This level of educated unemployment in India is alarming by any standards. The CMIE tells us that there are a little over 100 million graduates in the country, and of them 63 million are in the “labour force”, that is,. willing and available for work. Of these, 53.5 million have some kind of employment. That leaves nearly one crore (9.4 million to be precise) persons, mostly youth, with graduate or higher degree who do not have any job whatsoever. The same survey also tells us that while more women are getting education, the rate of unemployment among women is 17.6 per cent, more than double the rate for men (6.1 per cent). So, more women in higher education could soon become bad news.

A ticking time bomb

Now put both the reports together and you are looking at a perfect explosion. Nearly one-sixth of highly educated youth are unemployed. To this pool of about one crore educated unemployed, we add another one crore every year — those who pass out with degrees from higher education institutions. This pool has more women than ever before. Consider the fact that most of these graduates are not just unemployed, they are also unemployable as they bring little knowledge or skills to the market. Add economic slowdown to this equation and you know why this could be a ticking time bomb. Far from taking in new recruits, companies are retrenching their existing employees. So, these fresh degree-holders with aspirations but without skills are being pushed into a market that is not ready to receive any more.

This is exactly the kind of situation that has led to social unrest and street riots in many parts of the world. Instead of any serious attempt to address this brewing crisis, we get all kinds of distractions. We are concerned about triple talaq, Kashmir's integration, Chandrayaan landing and Howdy, Modi! Finance Minister Nirmala Sitharaman is busy managing headlines and pleasing the corporates. But we hear very little about any serious initiative to tackle the growing crisis of the educated unemployed. Are we waiting for the crisis to erupt? Or, is it time to say ‘Howdy’ to our youth?

(By special arrangement with ThePrint)

The author is national president, Swaraj India. Views are personal

CHINESE WHISPERS

BMS takes on government

The Bharatiya Mazdoor Sangh (BMS), the Rashtriya Swayamsevak Sangh affiliated trade union, has upped the ante against the Narendra Modi government in the last couple of weeks. On Thursday, the BMS offered support to the strike by the Airports Authority of India (AAI) employees against privatisation of airports. It said it opposes the Centre's announcement to privatise profit making airports of Varanasi, Raipur, Indore, Bhubaneswar, Amritsar and Trichy. It called upon the government "to stop the process of handing over Trivandrum, Guwahati and Jaipur airports and restrain" from privatising the rest. The BMS said it believed further privatisation of airports "may lead to declare AAI as a sick PSU". The union also rejected the new amendment to the Employees' Provident Fund law to convert Employees Pension scheme, or EPS, to the National Pension Scheme (NPS) at a consultation meeting with the union labour ministry. It said NPS is a "risky market linked" scheme and return in EPS is much more than NPS according to the study of EPFO and has more benefits to family members of employees.

Spelling mistake

While some leaders of the ruling Bharatiya Janata Party are working hard to popularise the use of Hindi as a primary language of official communication, things might not be moving in the right direction in some of the BJP-ruled states. During a function in Lucknow organised by the Uttar Pradesh Hindi Sansthan, which was being attended by Chief Minister Yogi Adityanath and Union HRD Minister Ramesh Pokriyal 'Nishank', the very first word (*yugpravartak*) on a banner that formed a backdrop for the speakers on the dais had a glaring spelling mistake. The event in question was a three-day national conference on "Mahayogi Gorakhnath", whose teachings form a key part of the canons of the Nath community. Adityanath is also the chief priest of the Gorakhnath temple.

Shivpal to return?

Are the Samajwadi Party (SP) and the Pragatisheel Samajwadi Party Lohia (PSPL) ready to bury the hatchet? SP President Akhilesh Yadav hinted as much when he said in a recent meet that all party leaders and family members who had parted ways were welcome back. The SP and the PSPL, floated by Yadav's estranged uncle Shivpal, had fought the 2019 Lok Sabha polls separately, but ended up doing each other more harm than good. Although the PSPL has denied rumours of Shivpal's "ghar wapsi" — which might also entail disbanding his outfit — attributing them to those who were responsible for causing the spilt in the family, it has caused a flutter among senior leaders of the two units.

INSIGHT

Loan *mela* comeback: Missed history lessons

AMOL AGRAWAL

Finance Minister Nirmala Sitharaman announced that public sector banks will put up *shamianas* (colourful tents) in 400 districts to provide loans to retail, agriculture and SMEs. The policy was initiated to fight the slowdown but has brought back memories of similar loan *melas* from 1980s. These *melas* not just got Indian banks in serious trouble but also created a highly reckless credit culture in India whose effects continue till date.

In 1982, Prime Minister Indira Gandhi appointed Janardhan Poojary as Minister of Finance for state. The PM had nationalised 20 banks but was unhappy with their progress in rural India and asked Poojary to look into the matter. *RBI History* volume 4 (1981-97) notes that the trickle-down theory was not working and there was a need to target and prioritise credit to the vulnerable sections for a more just distribution.

Poojary narrates how he decided to tour bank branches in disguise *(https://janardhanapoojary.com/loan-mela-a-revolution/)*. He observed that the poor were ignored not just for bank services but also for loans. On being asked why, the bankers gave the age old reply that the poor did not pay back loans. The minister argued that it was large corporates that were behind most of the unpaid loans and the poor had a better track record for paying back loans.

Poojary then developed the idea of loan *melas* (which he called “revolutionary”) where the banks were pushed into giving uncollateralised loans up to ₹5,000. He ordered all the bank chairpersons to be present at the *melas* across the country. His phone calls had to be answered by the bankers, irrespective of the time of the call.

The loan *mela* met with a lot of criticism (and threats) from not just bank unions but also sections of media and rival politicians. M V Kamath wrote (*Indian Post*, December 30, 1987) that “loan *melas* threatened to cripple the Indian banking system” and the lavish public expenditure was gross abuse of trusteeship of banks. Karnataka's Janata Party president, M P Prakash asked the PM and the RBI to postpone the proposed loan *mela* in Bengaluru, or face a massive confrontation (*The Patriot*, December 3, 1987, Patriot). In another case, the Tripura CPI (M) deemed loan *melas* as bribing voters ahead of the legislative assembly elections (*The Telegraph*, December 24, 1987). An *Economic and Political Weekly* piece (July 1987) noted that (then) PM Rajiv Gandhi could not stop the loan *mela* spree, as he himself inaugurated the first loan *mela* before becoming the PM!

Kamath (and other critics) were proven right. RBI's *Currency and Finance Report* (2006-08) points the return on assets of nationalised banks declined from 0.56 per cent in 1980 to just 0.15 per cent in 1990. Most of the other banking indicators indicated a crisis. There were other factors apart from loan *melas* such as administered interest rate regime, other directed credit programmes etc, that played a role in the crisis.

One cannot justify irresponsible loans to lower income people based on the assumption that it is large industries that do not repay loans. Two wrongs do not make a right! These policy interventions abuse the market discipline in a much larger way over time. The *RBI History* points that these targeted programmes “generated a feeling among borrowers that they did not need to worry about discharging their debt” and loans were given to those with political backing and waived-off “especially on the eve of elections”.

The teething problems of the industry finally merged with the 1991 crisis and ushered in the subsequent reforms in the overall economy including the banking sector. Having said that, despite 25 years of reforms, some of the banking legacies of the earlier era continue even today such as debt waivers before elections, politicisation of the banking system, role of small borrowers versus big borrowers in NPAs and so on.

It is not clear why the government has taken a leaf from the loan *mela* book of the 1980s when banks are already suffering from high NPAs. Moreover, the government wants to signal that it is cleaning up the banking system but this move indicates just the opposite.

I want to end with some banking history. Poojary hailed from South Canara region which saw the emergence of five banks (Canara, Corporation, Syndicate, Vijaya and Karnataka). These banks showed one can provide loans to the poor without any push from the state and yet grow into large and profitable banks. Yet, the government first nationalised these banks and has now reduced them to just two in the recent spate of bank mergers. The history of Indian banking could have been very different if our politicians had heeded lessons from the South Canara banks. But we continue to look at history of a different kind.

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LETTERS

Services inflation

This refers to “Walking a tightrope” (September 24). “Low inflation and low growth environment is the new normal”: This might be true for the developed countries, but in the Indian context, there is low growth but not low inflation. First, while calculating inflation, we are not considering fuel inflation that has increased substantially. Food inflation has also been up and down, albeit seasonally, but it affects the purchasing power of the common man. Second, till now we are calculating only goods inflation; we have to calculate services inflation as well. No one is calculating that. Recently, after GST implementation, services costs have increased drastically. The minimum increase in services inflation may be to the extent of 18-28 per cent with the GST rates. Everybody is feeling the heat and the services inflation might be one of the reasons for the current slowdown.

Anand Deshpande Pune

B Prasanna responds:

Consumer Price Index (CPI) inflation, which is used as the current measure for retail inflation, proxies for fuel inflation through the petrol and diesel prices, unsubsidised LPG, among other components. Recently, global crude prices have been coming down since their peak in October 2018 and this is reflecting in headline inflation. While food prices are volatile, driven by fruits and vegetables, food surplus in the last few years and buffer stock management by the government has reduced the risk of substantial overheating in food prices.

Core inflation (excluding food and fuel) includes services as well. Services inflation has a weight of approximately 28 per cent in CPI and while it includes some goods, it does cover a big component of services including transport, health, education and personal care. These components have also been showing low inflation for the past several months, which is in line with the continued slack in the economy.

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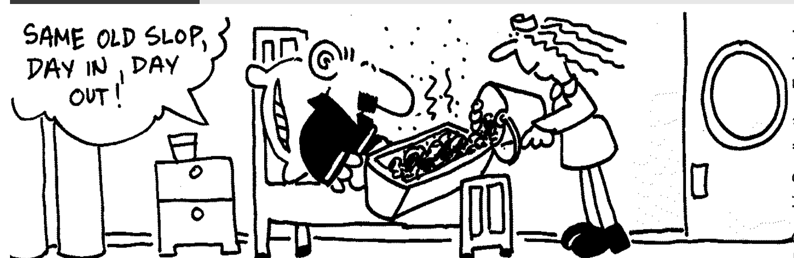
HAMBONE



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Slow but steady start

PMJAY has not yet made a dent where it's most needed

It has now been a year since the ambitious health care scheme known as the Pradhan Mantri Jan Arogya Yojana (PMJAY) was launched. In that period, it has racked up some impressive numbers: Most importantly, there were about 4.5 million cases of hospital treatment under the scheme. This is a large figure until the number of possible cases in the country is considered. Indeed, the relative smallness of this number points to an issue yet to be addressed: Public awareness and access. The PMJAY has spread across practically the entire country, with 33 states and Union territories having some form of the scheme — the only big hold-outs are some Opposition-ruled states including Delhi, West Bengal, and Telangana. But the number of claims is considerably higher in the richer states. Gujarat has by far the highest number of claims, about 650,000, followed by Tamil Nadu with around 400,000. In other words, just these two rich states account for 1 million of that 4.5 million. Another million or so is accounted for by Karnataka, Andhra Pradesh, and Maharashtra. As with many other all-India schemes, states with better resources are managing to implement it better.

While the slow scale-up of the scheme is a problem, it does mean that its fiscal impact has not yet been fully felt. It is possible that the fear of the fiscal impact is why some poorer states have not expanded it as much as they should have. Cost control is going to require more attention. The PMJAY authorities will, first, have to take pro-active measures to reduce costs, such as by collective bargaining with pharmaceutical companies or the makers of medical equipment. What will certainly be the cause of friction in the future are package rates for private providers. The government is optimistic that there will be a sharp expansion in the number of for-profit private hospitals empanelled under the scheme from the current 9,000, which is only a whisker more than the number of public hospitals so registered. But unless there is a clear understanding about package costs, this might not pan out as expected. With the expansion of for-profit hospitals, questions will also begin to be asked about widespread fraud. This is visible even in the first year of the PMJAY, with sharply high rates of hysterectomies — almost certainly unnecessary — in places like Chhattisgarh and Jharkhand. The PMJAY highlights its data-based intervention to identify such possibilities of fraud. But in the end, disputes will have to be settled by old-fashioned human intervention. The fact is that there is simply no capacity yet planned for in the Union government or in the states to manage such disputes.

While the PMJAY has multiple different models in different states, the common requirement for the success of any of these models will be the expansion of state capacity, whether in terms of regulation, dispute settlement, or in the public sector hospitals themselves. It is impossible to build universal health care on the cheap. While the PMJAY has so far not been a fiscal drain, if it is to succeed, it will certainly require more resources — many of which will have to be diverted to support the poorer states.

Another ID card?

One nation, one card proposal raises many questions

Barely has the dust settled on the massive unique identification project, otherwise known as Aadhaar, than Union Home Minister Amit Shah raised another source of anxiety of Indians with his proposal to introduce a "one nation, one card" plan. This new card, he said at an event of the Registrar General of India (which conducts the 10-year census), would "link all utilities like Aadhaar, passport, bank account, driving licence, voter card". The data for this exercise would be part of the National Population Register (NPR) exercise, to be collected alongside the 2021 census, which collects all data on "usual residents" of India (that is, who have resided in a local area for the past six months and intend to reside there for the next six months).

The NPR exercise — which began in 2011 at a cost of ₹10,000 crore under P Chidambaram and famously clashed with the Aadhaar authority on whose database would prevail (the latter won out) — would collect the Aadhaar number, the Permanent Account Number, the voter ID, and passport information. Sharing the Aadhaar number would be voluntary in view of the Supreme Court's judgment last year. All this data will not be in the public domain but accessible to a citizen through a password-protected protocol.

On paper, the one nation, one card and NPR proposals, which may or may not be linked (the home ministry did not clarify), have the logic of simplicity. It will relieve the Indian citizen of being loaded with multiple cards that act as identity documents — most middle-class Indians have at least four. But the initiative raises more questions. First, it is unclear why the government would feel the need to subject India's citizenry to another identification drive when over 90 per cent of them are covered by Aadhaar, which was an elaborate, time-consuming exercise. Second, the census does not cover the entire population, which leaves unanswered the questions of the status of those citizens who are not visited by a census officer. Third, where does this leave migrant labour, who may well be citizens but would not qualify as "usual residents"? Fourth, the old apprehensions about data privacy apply here too. The Supreme Court's Aadhaar judgement a year ago had directed the government to introduce a "robust" data privacy law even as it upheld the constitutional validity of the exercise. This is nowhere in evidence, and remains a concern. The issue is: When there is a single card that holds all vital details, what happens when the system is compromised? There are also very few solutions in the event of data breaches, and the one card idea magnifies this danger.

Fifth, in March this year, the prime minister launched a "one card, one nation" mobility card — which also had its origins in the United Progressive Alliance — via the RuPay platform for making payments across all transport segments including metro, bus, suburban railways, smart cities and retail shopping, for paying at toll plazas and for parking. This National Common Mobility Card, which certainly has greater utility than an all-inclusive citizenship card, has been adopted by some local transport networks (in Mumbai and Telangana), but it has been stymied by the lack of all-India connectivity. The "one nation, one card" plan could well suffer from similar infirmities.

ILLUSTRATION: BINAY SINHA

The puzzling lure of financial globalisation

The intellectual hold of financial globalisation on policymakers is still strong, despite its history of failure

After holding off for decades, China has finally embraced financial globalisation, announcing recently that it would eliminate capital controls to allow unfettered short-term foreign inflows (so-called hot money). By contrast, after decades of boom-bust cycles, Argentina is facing another macroeconomic crisis, and has finally imposed capital controls to prevent a catastrophic decline in its currency.

Both of these episodes reveal the intellectual hold that financial globalisation still has on policymakers, despite its history of failure. Why, after all, would China abandon capital controls now, and what took Argentina so long to adopt such obviously necessary measures?

ARVIND SUBRAMANIAN & DANI RODRIK

The Chinese economic miracle has many sources. In addition to the turn to markets, China has benefited from exports and foreign investment, internal migration, and the Maoist legacy of a public education and health system. It is also the civilisational heir to a strong, effective state with an enlightened, albeit ruthless, leadership. Its people collectively crave stability. But an important factor in China's rise was the decision not to open the economy to capital flows.

Consider the following counterfactual history. In the late 1990s, when China's economic miracle was becoming evident, it could easily have succumbed to the prevailing orthodoxy on financial globalisation. Had it done so, the likely outcome would have been a surge in foreign capital chasing high Chinese returns, rapid appreciation of the renminbi, slower export growth, and lost dynamism. China's export machine would not have become the juggernaut that it is, and its economy may well have suffered through much more volatility as a result of the fickleness of foreign capital. In fact, Argentina — with its periodic macroeconomic volatility and recurring financial crises — offers a perfect illustration of these downsides.

Nearly every major emerging-market financial crisis of the past few decades has been preceded or accompanied by surges in capital inflows. That was true of Latin America in the 1980s, India in 1991, Mexico in 1994, and East Asia and Russia in the late 1990s. It was also true of Brazil, Turkey, and Argentina in the early 2000s; the Baltics, Iceland, Greece, and Spain in the late 2000s and early 2010s; and the "Fragile Five" emerging-market economies (Brazil, India, Indonesia, South Africa, and Turkey) in 2013. And it is true of Argentina today.

To be sure, capital flows have often reflected deeper policy problems or imbalances within a given emerging market. But they are also usually the necessary transmission mechanism for crises, and thus have magnified the eventual costs to those economies. Although most tenets of the neoliberal consensus — privatisation, deregulation, trade integration, immigration, fiscal discipline, and the primacy of growth over distribution — are now being challenged or outright rejected, financial globalisation remains a glaring exception.

The preponderance of evidence suggests that financial globalisation — especially unrestricted hot money — aggravates macroeconomic instability, creates the conditions for financial crises, and dampens long-run growth by making the tradable sector less competitive. Few economists would list financial globalisation as an essential prerequisite for sustained long-term development or macroeconomic stability. And arguments made in its favour presume that every country has already met highly demanding regulatory requirements. Most have not and probably cannot, except over the long run.

While the International Monetary Fund has begun to make some allowance for restrictions on capital flows, albeit only as a temporary last resort for weathering cyclical surges, the dogma of financial globalisation remains intact. One reason, perhaps, is that development economics has not shed its resource/savings fundamentalism, which attributed underdevelopment to a lack of domestic savings. The implication was that developing and emerging economies should attract resources in the form of foreign aid or, after scepticism about aid became widespread, foreign private capital.

Alternatively, the orthodoxy may owe its resilience to the power of entrenched financial interests that have stood in the way of new controls on cross-border capital flows. Wealthy elites in several countries — especially in Latin America and South Africa — embraced financial globalisation early on because they saw it as offering a useful escape route for their wealth. In these cases, policy inertia and possible reputational costs made it difficult suddenly to start advocating a reversal. Global financial elites had long relied on a narrative that equates capital controls with expropriation, and responsible policymakers did not want to be seen as violating property rights.

More recently, restrictions on financial flows have become less anathema, because several developing countries have managed to overcome the "original sin" of borrowing in a foreign currency. In the now-accepted hierarchy, financial flows denominated in the local currency rank higher than dollar-denominated flows because they do not result in exploding debt burdens whenever the exchange rate weakens by too much. Forms of borrowing that avoid these balance-sheet effects are understandably regarded as less problematic.

Nonetheless, in the current context of chronic anemic growth and persistently low — or even negative — long-term interest rates in advanced economies ("Japanification"), there is a danger that developing countries will be tempted to pursue increased foreign borrowing. That path will lead only to more volatility, more frequent crises, and less overall dynamism. But more countries are choosing it nonetheless, and the proponents of the new intellectual revisionism appear to have tamely acquiesced.

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Beijing's message on an iconic anniversary

The celebration of the 70th anniversary of the People's Republic of China was meant to mark the achievements of the Communist Party in ensuring the "great rejuvenation" of China and its return to a role and position "close to the centre of the global stage". It was also planned to illustrate the role of President Xi Jinping as the undisputed leader and, even more, as the "lingxiu", a word used only for highly revered leaders, and until now reserved for Mao.

However, as fate would have it, this 70th anniversary is taking place in a context particularly difficult for China. At home the leadership is confronted with an economy growing at its slowest pace in 20 years, partly due to the impact of the trade war initiated by the US but more importantly because of the need to fight the financial risk created by shadow banking, which went out of control in the last few years, and structural issues such as the trend of diminishing returns on investment in many state-owned enterprises, the private sector not being able to play its full role as a booster of activity because it is cash-starved, and the worrying trend of rising unemployment among the young graduates. Add to that the pig crisis. An epidemic of swine fever has forced the culling of millions of pigs, multiplying by three the price of this crucial staple for Chinese households. The government is desperately increasing imports and tapping into reserves to fend off popular discontent.

CLAUDE SMADJA

At the same time, the Hong Kong demonstrations, now in their 14th week and becoming increasingly violent, represent the gravest and most spectacular challenge to the authority of the Communist Party since the events of June 1989. As the unrest escalates, the leadership finds itself confronted with a lose-lose situation. It cannot be seen as capitulating to the protesters' demands, as the political nature of these demands is a direct challenge to the authority of the government; at the same time, violent repression, using the anti-riot units of the People's Liberation Army stationed in Hong Kong would create an international crisis that China would truly want to avoid in the present economic and geopolitical situation.

On the international front too, the clouds have kept gathering. There is, of course, the confrontation with the US which, beyond the trade issues, is a contest for technological and strategic prominence. Although many indications point to the fact that Beijing might be able to sustain a trade war with Washington better than its opponent, this war is nevertheless taking its toll on the Chinese economy. In addition to that, the shift of attitude towards the rise of China, not only in the US but also in Europe is a serious concern for Beijing, making the country's technology catch-up process more arduous. Last but not least, the Belt and Road project, a strategic signature initiative of Xi Jinping, has now hit serious bumps with a backlash from many recipient countries against over-priced projects generating a very heavy debt load that might prove to be unsustainable, and increasing suspicion about Beijing's ultimate strategic motives. After having highlighted the Belt and Road and the "Made in China 2025" initiatives so much as hallmarks of the Xi Jinping era, the official propaganda is now quite silent about them, and government officials are wary to mention them.

Does that mean that China has renounced the ambitions to create its own sphere of economic and geopolitical influence through the Belt and Road initiative or its objective of achieving a prominent position in the new technologies defining the 21st century economy? Definitely not. On the contrary, the clampdown on technology exchanges and transfer to China implemented from the US will end up accelerating Beijing's drive towards technological self-sufficiency. And President Xi jinping will not renounce achieving the grand design of the Belt and Road Initiative. But this is a time for a pause or recalibration for the leadership, as it grapples with the three immediate challenges of sustaining economic growth at a socially and politically acceptable level, of dealing with the Trump administration and of Hong Kong.

The military parade planned for October 1, slated to be the most impressive parade ever in China which will showcase some new advanced weaponry for the first time, will aim at sending two very strong messages: To the international audience, and especially the US, that China is now a major military power not to be trampled with and that Mr Trump's bullying will not work. It will also remind Asian neighbours — if that was needed — the mighty power they have next door if ever they had to choose between Beijing and Washington on issues such as Taiwan or the South China Sea. For the domestic audience, all the fanfare around the 70th anniversary is meant to illustrate how, under the leadership of the Communist Party, China is now a powerful player in the world. This will feed national pride and highlight not only the remarkable achievements of the last 40 years but also the international stature that the assertiveness of Xi Jinping has gained for the country

That political control has never been so tight since the peak of the Mao era and that the regime has elevated security precautions to an almost paranoid level does not mean that the leadership feels any immediate threat to its grip on power or that there is any challenge to the authority of President Xi Jinping. Every challenging phase in China's modern history has translated into tighter control. What we have is rather a regime leaving nothing to chance and using an iconic anniversary date to show, inside and outside China, that it will not be daunted by the domestic or international headwinds that have come its way.

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Israel's complex first PM

BOOK REVIEW

FRANCINE KLAGSBRUN

On the eve of the establishment of the state of Israel, David Ben-Gurion, who had worked tirelessly toward this goal, suddenly sought to postpone independence. He knew neighbouring Arab countries were poised to invade and he feared his underground army wasn't prepared to fight; so, at a nighttime meeting with Lord Chancellor Sir William Jowitt, Ben-Gurion proposed that the British remain in charge of Palestine for another five to 10 years while working to increase Jewish immigration. Nothing came of this proposal and, on November 29, 1947, the United Nations voted to partition Palestine into Arab and Jewish states. Full-scale fighting broke out six months later.

Ben-Gurion's 11th-hour meeting is one of the little-known facts revealed by the Israeli historian Tom Segev in his deeply researched, engrossing and, in some respects, controversial biography, *A State at Any Cost*. Mr Segev has written several books on Israel, and he joins other noted experts who have mined newly released archival sources to re-examine the life and legacy of the country's first prime minister. The timing makes sense: As Israel has transformed itself from a small, struggling society into a high-tech player on the global stage, its people have become increasingly interested in the ideals that first guided it and the roots of problems that still confound it. And, like America's founding fathers, David Ben-Gurion was the embodiment of his nation's complicated beginnings.

Born David Yosef Gruen in the Polish town of Plonsk in 1886, Ben-Gurion said he knew by the age of three that his home would be in the land of Israel. Hyperbolic as this sounds, his claim helps explain his lifelong mission to establish a Jewish state in Palestine. It also reflects the atmosphere in his home, where Ben-Gurion's father was one of the town's first Zionist activists. Even so, as a young man he felt directionless: He moved to Warsaw, was rejected by a technological college there, and eventually became so despondent that he wrote a friend, "I can't find any interest in living anymore."

Ben-Gurion found himself after arriving in Palestine in 1906 at the age of 20. He would later recall this period with pride, despite having realised fairly quickly that he was not cut out for the field work he was doing on a farm. Politics soon became his métier and the road to fulfilling his Zionist aspirations.

To prepare himself, Ben-Gurion travelled to Turkey to study law along with his friend Yitzhak Ben-Zvi, who later became Israel's second president. After their studies were cut short by World War I, they eventually headed to New York City, where Ben-Gurion met and married Pauline (Paula) Moonweis. Their union was not without its problems — Ben-Gurion had several lengthy affairs and was a distant father to their three children — but the two remained together for 50 years.

By the late 1930s, Ben-Gurion and his socialist labour party had gained power not only in Palestine, but over the worldwide Zionist movement as well. Their goal was to establish a state with a Jewish majority in the biblical land of Israel. But in 1937, when the British Peel Commission recommended dividing Palestine into Jewish and Arab states, Ben-Gurion responded with "burning enthusiasm," despite the tiny area allotted to the Jews. As he told colleagues, the fact of having a state was more important than its borders; besides, "borders are not forever." The Peel plan fell through, but 10 years later Ben-Gurion accepted the partition resolution from the United Nations.

Although he made attempts at peace with the Palestinian Arabs, Ben-Gurion was pessimistic about ever achieving it. Long before the state existed, he met with a respected Muslim jurist, Musa al-Alami, whom he assured that the Zionists had come to develop Palestine for all its inhabitants. Alami said he preferred to leave the land poor and desolate for another century until the Arabs could develop it themselves. Ben-Gurion repeated this story again and again as proof of the futility of seeking agreement. At most, Mr Segev writes, Ben-Gurion believed the conflict "could be managed," not resolved.

Where *A State at Any Cost* falls short is when the author injects his own ideology into the events of Ben-Gurion's life. Mr Segev has been associated with revisionist historians, known in the past as "new historians," who challenge Israel's founding narratives.

For example: Ben-Gurion and comrades who arrived in Palestine in the early 1900s embraced the idea of "Hebrew labour." The term is widely understood to refer to manual work by Jews, rejecting centuries of work Jews did in the Diaspora as merchants and shopkeepers. However, Mr Segev defines "Hebrew labour" as a means for Jews to displace Arab workers and control the labour market. He also makes a questionable connection between "Hebrew labour" and the flight of Arabs from their villages during the 1948 war. The exodus of the Arabs from the designated Jewish state — the origin of the Palestinian refugee problem — is a hotly debated subject. Scholars disagree about how many villagers left of their own accord and how many were expelled by Israeli commanders. There is no evidence that Ben-Gurion gave a central order to evacuate them all. He seemed surprised at first by the emptying villages, only later regarding the Arab flight as a boon to the military.

In 1963, David Ben-Gurion retired as prime minister. Through the drama of his life, and despite his failings — both personal and political — Ben-Gurion emerges in Mr Segev's book as a man of vision and integrity. These are qualities that Israelis, like the rest of us, long for in today's leaders.

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