A glimmer of hope, finally

For the first time, a combination of an effective vaccine and two drugs that seem effective offers hope to Ebola victims

TECH-ENABLED

DEVANGSHU DATTA

There could be a cure for the deadly Ebola virus which has plagued Africa since the 1970s. The disease was first seen in 1976, in a town close to the Ebola River in what is now the Democratic Republic of Congo (DRC). Almost simultaneously, there was an outbreak in South Sudan about 1,000 km away.

The virus has several strains. Most are dangerous to humans. It's believed to have been first transmitted by a bite from a fruit bat. It also infects monkeys, pigs and apes and people have been infected by eating meat from infected animals. Ebola causes fever, colds, vomiting, rashes and dementia. It has a very high mortality rate, of anywhere up to 85-90 per cent. It can be transmitted via sweat, blood and other body fluids. It has even been transmitted to people handling corpses.

Ever since that first discovery, there have been random outbreaks in the central African nations of DRC, South Sudan, Gabon, with some cases in Uganda, and another cluster of cases in West Africa, in Nigeria, Ivory Coast, Sierra Leone, Senegal and Mali.

Currently, DRC is suffering an outbreak. This started in April 2018 and it has killed at least 2,800 people. Since July 2019, the WHO has declared this a global health emergency. According to local health services, around 80 new cases are discovered every week. Ebola causes fear and panic to the extent that health workers have been attacked or chased out for fear they will be carriers. It doesn't help that this is an extremely disturbed region, more or less in the middle of a civil war.

Until 2019, there was no real hope of a cure. A vaccine made by Merck & Co is estimated to be 97.5 per cent effective. But once infected, the only way to handle the disease was to strictly isolate victims until they either recovered or died. Since the early symptoms are like flu, victims often don't realise that it's Ebola until it's much too late. By then, they have infected others.

Reports say that two experimental drugs may be effective. Infected people, who participated in a clinical trial seem to have 66-71 per cent survival rates, compared with 30 per cent for those who were not vaccinated and did not receive medication. Over 90 per cent of those who received treatment upon showing early symptoms survived.

The drugs are part of a combination developed by Dr Jean-Jacques Muyembe Tamfum, who's researched Ebola since the first 1976 outbreak. Two individuals treated in Goma, DRC, have been officially declared cured. The two drugs, named REGN-EB3 and mAb114, were developed by Muyembe by using antibodies harvested from blood samples taken from Ebola survivors.

The drugs were being tested as part of a randomised clinical trial in four DRC towns. Two other drugs were also being tested. But the trial was concluded early when it was found the REGN-EB3 and mAb114 seemed to lead to a 94 per cent recovery rate. This means that delivery to the general population could be accelerated.

The clinical trial began in November 2018, with 681 people and four drugs. The mortality rate for REGN-EB3 was 29 per cent, and for mAb114, it was 34 per cent. The mortality rate for the other two drugs was higher at 49 per cent for ZMapp and 53 per cent for Remdesivir. The mortality rate was much lower for early treatment, at 6 per cent for REGN-EB3 and 11 per cent for mAb114.

The trial was co-sponsored and funded by the Institut National de Recherche Biomédicale where Dr Jean-Jacques Muyembe Tamfum is the director general. The US' National Institute of Allergy and Infectious Diseases (NIAID) also put up funding, while the WHO coordinated the research teams. REGN-EB3 is a mixture of three synthesised monoclonal antibodies and produced by Regeneron Pharmaceuticals. The mAb114 is a monoclonal antibody developed after being drawn from an Ebola survivor, who recovered from an outbreak in 1995. It is licensed by Ridgeback Biotherapeutics from NIAID.

Drugs based on monoclonal antibodies take years of research. Ebola is a large virus and like many viruses, it has the ability to change shape, making it difficult for any one antibody to block infection. That's why a cocktail approach is used, with REGN-EB3 a combination of three monoclonal antibodies generated first in mice.

For the first time, a combination of an effective vaccine and two drugs which seem effective offers hope to Ebola victims. While the local political instability makes it hard for medical personnel to function in the DRC, there's hope that this will be the final large Ebola outbreak.

CHINESE WHISPERS

Spending evenly

Halfway into his term, Uttar Pradesh Chief Minister Yogi Adityanath (*pictured*) has started preparing for the electoral battle in 2022. Miffed at the slow pace of implementation of flagship schemes, he has directed government departments to embrace "fiscal discipline". The government is planning to put a cap on the expenses the departments can incur at the fag end of a financial year. Under the new scheme of things, these departments would be allowed to spend only 30 per cent and 15 per cent of their annual Budgets in the last quarter and the last month of each fiscal year. This is expected to induce the department mandarins to spend the allocated budgets throughout the year rather than rush to meet the numbers only when the deadline nears.

More than meets the eye

That Madhya Pradesh Forest Minister Umang Singhar and former chief minister Digvijaya Singh don't see eye to eye is well known. The two have been hurling allegations at each other with unfailing regularity. Political watchers in the state say this is more than just an ego clash between two prominent leaders. Singhar, the tribal face of the Congress party, belongs to Dhar district in western MP, which has a thriving liquor business. Dhar is close to the Gujarat border and Gujarat is a dry state. Some say the attack on Singh is a fallout of the support the forest minister allegedly extended to some beneficiaries of the liquor trade. The other theory is that the appointment of the Pradesh Congress Committee president is due and Singhar is positioning himself as a potential candidate. Hence the public opposition to Singh.

Farmers and youth leaders

Last week, a Bharatiya Janata Party (BJP) functionary at its Delhi unit had to suffer a somewhat embarrassing moment when he revealed his designation to a Union minister who is also in charge of polls in the state. When the person said that he was the head of the Kisan Morcha or farmers' wing in the district, the minister is learnt to have asked him what he grew as a farmer. The Delhi BJP functionary defended his "*kisan*" representative status by claiming that his father was a farmer. He and others were equally nervous about the minister asking his address because it was Chandni Chowk, a crowded shopping area that does not have any agricultural activity. The minister then told a story. In a communication programme in Rajasthan, the senior leadership was surprised when a young man at a BJP youth wing leader's house was introduced as the leader's son. Those gathered agreed it was the son who should have been in the youth wing instead of the father.

Bravo FM, but it's only half the job done

The government can have its cake and eat it too if it allows mega banks to run independently and turn others into vehicles for social banking

BANKER'S TRUST

TAMAL BANDYOPADHYAY

The seminal recommendation of a committee on banking sector reforms made in April 1998 is finally being implemented. Ten public sector banks (PSBs) are being merged to form four. This is after Bharatiya Mahila Bank and a few associate banks of the State Bank of India (SBI) got merged with the nation's largest lender and Vijaya Bank and Dena Bank have been amalgamated with Bank of Baroda (BoB).

India will now have fewer government-owned banks but those remaining will be larger and stronger. The scale will make them efficient, help them expand credit, introduce new products, bring down the cost of money for customers and fuel economic growth. The committee, headed by former Reserve Bank of India (RBI) governor M Narasimham, had asked for such mergers to have a "multiplier effect" on the industry. In theory, they will have but there is a difference between what the committee had envisaged and what is being done.

The committee had said the "mergers should not be seen as a means of bailing out weak banks". Going by the contours of the four mega mergers, outlined by Finance Minister Nirmala Sitharaman, some of the weak banks will team up with a few stronger banks. Still it's a smart move, probably the best in the circumstances.

Ten large, medium and small banks will be clubbed into four. What will happen to those six left behind — Bank of India (BoI), Central Bank of India, Bank of Maharashtra, Indian Overseas Bank (IOB), Punjab & Sind Bank and UCO Bank? (I am not referring to IDBI Bank Ltd as now it is majority-owned by Life Insurance Corporation of India.) Why have they been left out? Are they strong enough to fend for themselves?

As on June 30, UCO Bank's gross bad loans are one-fourth of its loan book; for IOB, it's over one-fifth; for the rest, it has been between 12.9 per cent and 19.9 per cent of their loan books. Since September 2015, from when these banks were forced to clean up their balance sheet by the regulator, BoI has piled up ₹19,125 crore in net loss, IOB ₹16,708 crore, and Central Bank and UCO Bank over ₹14,000 crore each.

What does the government do with them? Also, how can it make the mega mergers successful and reap the benefit of economies of scale? Even if the managements of these banks face challenges of technology, products, HR and branch rationalisation chin up, they will not yield the desired results unless the government follows a hands-off policy. They must be driven by their respective boards and not the department of financial services of the finance ministry. Not the chief risk officers alone, all senior executives must get market-related salaries. And they must be freed from the glare of investigative agencies — Central Vigilance Commission, Central Bureau of Investigation and Enforcement Directorate. Incidentally, the employee stock option proposals at SBI and BoB have been gathering dust at the ministry for years.

They must also be freed from directed lending. This government does not believe in "phone banking". It does not tell the bankers which corporate houses to lend to but the tradition of directed lending continues. Historically, most such targeted lending schemes have either failed or achieved very little inflicting huge pain to the banks.

One such scheme was the Integrated Rural Development Programme (IRDP), launched in October 1980 to promote sustainable self-employment. It offered subsidised bank credit to five poor families in every village (there are 650,000 villages) of ₹10,000 annually, to buy buffaloes or cross-breed cows or goats. By 1989, there were 25 million defaulters and not even 10 per cent paid back the loans, leading to the first loan waiver in 1990 for at least 44 million farmers with ₹6,000 crore exposure to the PSBs.

Then there has been Self-Employment Scheme for the Educated Youth (SEEUY), later subsumed in the Prime Minister's Rozgar Yojana (October 1993), which offered self-employment opportunities to educated employed youth. For every collateral-free ₹15,000 loan, the government provided 25 per cent subsidy. The recovery of such loans was roughly one-third of the money lent. The Self-Employment Programme for Urban Poor (SEPUP) was also a similar story.

Under the Kisan Credit Card (KCC) scheme, crop loans given to the farmers in the form of cash credit and term credit have continuously been rolled over to prevent millions of such accounts from turning bad. Till March 2019, close to 10 per cent of the education loans given by the PSBs have not been paid back.

The most popular Mudra loans, given to micro and small units, have three segments — Shishu (up to ₹50,000), Kishore (between ₹50,001 and ₹5 lakh) and Tarun (beyond ₹5 lakh and up to ₹10 lakh). As on March 2019, 16.2 per cent of the Shishu loans have turned bad (for Bank of Maharashtra, it's 48 per cent and for BoI and Punjab National Bank and a couple of others, at least 25 per cent); the bad loans in the Kishore scheme are 13.22 per cent (four banks, including SBI, have more than 20 per cent bad loans) and Tarun scheme, 9.61 per cent. We are yet to know the state of affairs at the 59-minute loans (₹1 lakh to ₹5 crore), as loans disbursed on the fast lane are not a year old as yet.

We can't have the best of both worlds — large, efficient, world class government-owned banks, doing social banking and making profits. Why not set them free from the shackles of such obligations and run them as business units? The six banks left out from the "NextGen" bandwagon can do all such things. Since the government's stake in them are as high as 85.6-92.5 per cent, it can buy back shares spending very little, assume full ownership and make them vehicles for social banking. The rest — six mega banks — can run like business enterprises. That will create enormous value for the government —to encash for bridging the fiscal deficit and spending. The government can have its cake and eat it too.

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd. His latest book, "HDFC Bank 2.0: From Dawn to Digital" has been released recently.
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The scale will make the merged banks efficient, help them expand credit, introduce new products and bring down the cost of money for customers

INSIGHT

Quick fixes won't solve growth problem

It is high time that the government focused on a trade policy to help sustain high long-term growth and create jobs

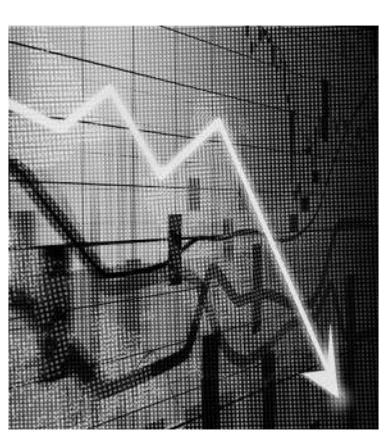
JAYANTA ROY

The recent dips in GDP growth are causing concern. Short-term measures have been announced. But these are far from sufficient since the problem is structural. No economy has experienced high sustained growth without a trade policy to promote exports. Both the United Progressive Alliance (UPA) and the National Democratic Alliance (NDA) have had the luxury of neglecting trade policy since falling oil prices put no strain on the balance of payments (BoP). Exports have been totally neglected. The UPA had a brief period of export growth mainly due to buoyancy in global trade.

India too since the last decade took a reactive trade negotiations stance. Being "at the table" as a proactive member is not a choice for an aspiring major global player, but a necessity. At the WTO, India is pleading for special and differential treatment citing it has a large population below the poverty line, yet boasting that it is going to be a $ 5 trillion economy in five years. It has shied away from any pluri-lateral agreements. It has a very poor record in regional agreements. Well before US President President Trump initiated the trade war, India has been consistently raising tariffs in successive Budgets. We have not yet met the promise we made at the Trade Policy Statement of 1991 that we shall bring down our average tariff to Asean levels in 10 years. Our exchange rate is overvalued. We did make substantial progress in the last two years in improving our ranking in the World Bank's Ease of Doing Business and Trading across Borders indicators. But we still need more reforms to reduce trade transaction costs.

India now faces very severe global headwinds that can create strain on the BOP. Anti-globalisation and anti-immigration drives in the United States and parts of Europe may result in reduced market access for the export of goods and services. Our information technology giants are already affected by the impending H-1B visa reforms. Barriers related to the emerging issues in data privacy and data restrictions are now the areas of maximum concern for the future growth of off-shore professional and technical services models (such as business process outsourcing or knowledge process outsourcing).

Given the complexity of the current global landscape, trade reforms must be designed and implemented in a timely manner by a competent wing of the government. India urgently needs better management of its international economic relationship. The current institutional arrangement that disperses strategic decisions to the Ministry of Commerce and Industry and the Ministry of External Affairs lacks the necessary depth. We definitely need to create an independent trade policy council outside the line ministries reporting directly to the PM. We need an experienced chief trade negotiator, and an internationally-reputed chief economist in that council.



The areas of reform we need to focus on immediately are:

■Achieve international competitiveness: Bring average tariff levels to Asean levels by 2021. The average tariff level in India for non-agriculture is 13.6 per cent, compared to 5.3 per cent in Malaysia, 7.3 per cent in Thailand and 8.4 per cent in Vietnam. This reduction is a must to not only promote exports, but to make our industry internationally competitive in the turbulent global market to which we are intrinsically integrated.

■Further reduce transaction costs: Fully implement the recommendations of the Logistics Development Report of the PM's Economic Advisory Council (PMEAC). While we made progress in trade facilitation, we need to focus now on placing the logistics division in MOCI to report directly to the Prime Minister to implement fully the recommendations of the report. This was my recommendation in the draft I presented to the PMEAC, which was changed to take account of the government business rules. Since logistics covers several ministries, it cannot be placed under a single line ministry.

■Proactive stance in trade negotiations: India has a dismal record in regionalism. We don't have a single successful FTA, nor are we an important player in any regional agreement. SAARC is non-functional. India is a bystander at the Regional Comprehensive Economic Partnership (RCEP). India never prepared for the Trans-Pacific Partnership (TPP). Our trade experts were thrilled when President Trump moved US out of it. But the remaining 11 original members of TPP led by Japan have resurrected the TPP calling it the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). But India is nowhere in the picture. Given that CPTPP will be the largest global value chain in the world, India cannot be left out of it.

■Some adjustment in exchange rate. The RBI Real Effective Exchange Rate does show an appreciating trend from 94.6 in October 2018 to 99.6 in April 2019. Over the longer haul, the appreciation has been much higher.

It is high time that the government focussed on a trade policy to help sustain high long-term growth and create jobs than to spend time on quick fixes to step up short term growth.

The writer is a former economic advisor in the Union commerce ministry

LETTERS

Shoot the rapids

This refers to the editorial "Valley of discontent" (September 6). As peace seems to be elusive even a month after the clampdown in the Valley following the abrogation of Article 370 and division of the state into two Union Territories, it appears that things are not going the way the NDA government wants them to. Of course India has, by and large, succeeded in convincing the United Nations and other countries about the inevitability of its move in Jammu and Kashmir. Needless to say that their support on this increasingly contentious issue matters a lot to us. But at the same time, the continued strife in the state will embolden Pakistan to internationalise this matter to demonise us the way it suits its villainous schemes. In any case, we must avoid underestimating our adversaries just because the aces up their sleeve are not visible to us. India must, therefore, shoot the rapids to calm down the Valley.

Tarsem Singh Hoshiarpur

Merger & wage hike

This refers to "Bank mergers cast shadow on wage talks" (September 5). The stand being taken by the union representing bank staff is baffling. After coming to the negotiating table with a 15 per cent wage hike, they are now upping the ante and seeking a 20 per cent hike. The justification for this demand is on the ground that the gap between what bank employees earn when compared to those in government's equivalent grade has widened.

Public sector banks are in a bad shape. The offer of 10 per cent hike by the Indian Banks' Association should be seen as reasonable. Comparisons with government's equivalent grade is out of sync. When profits are not being generated, expecting grandiose hikes is preposterous. Now with the big bang merger that will crunch the number of banks, it would be prudent to defer the wage revision till the merger exercise is over.

While seeking the hike, are any matching responsibilities being promised? Will the clerk at the branches become more responsive to customer needs? Will there be proactive customer service? Will there be productivity benchmarks comparable to industry standards? The promise of there being no job loss on account of the merger seems too far-fetched. Public sector banks are part of the overall universe and cannot be insulated against the ongoing trend. When corporates merge, there is pain and separation of excess staff.

K V Premraj Mumbai

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HAMBONE

Business Standard
Volume XXIV Number 19
MUMBAI | MONDAY, 9 SEPTEMBER 2019

The next 100 days

Govt needs to show that the India story is alive

The second Narendra Modi government completed 100 days in office last week. Although the government had not set explicit targets for itself, it is still an important milestone to assess the direction of governance and impending policy challenges. Undoubtedly, the biggest decision of the government in the first 100 days was to end the special constitutional status given to Jammu & Kashmir and bifurcating the state into two Union Territories. While Kashmir is still far from the desired normalcy and would demand considerable attention, the government would do well not to lose sight of the rising challenges on the economic front. The next 100 days will be extremely important for the Indian economy.

Economic growth slipped to a six-year low of 5 per cent in the first quarter of the current fiscal year. In nominal terms, growth hit a 17-year low. A slowdown sharper than expected, along with anecdotal evidence of weak economic activity from the ground, has dented investor confidence significantly. Thus, the government needs to act convincingly to show that the India story is alive.

Though the global economic environment is not favourable and US-China trade tensions will continue to induce uncertainty, India's problems are more domestic in nature. Several economies are growing at a higher rate in the same global environment. To be sure, responding to the slowdown, the government has taken several steps over the past few weeks and has promised to do more. But what India needs now is a comprehensive policy reset. For instance, the government recently decided to further consolidate public-sector banks. However, it is not clear how this makes the system more efficient.

Similarly, the government liberalised rules for foreign investment in single-brand retail but doesn't want to touch multi-brand retail. Further, India is moving in the opposite direction on the trade front by increasing tariffs and promoting import substitution. As economist Amita Batra wrote in this newspaper recently, India's integration with global value chains, which drives global trade, is not only among the lowest in G20 countries but has actually declined in recent years. This is certainly not a recipe for rapid economic growth. Clearly, random steps here and there, or tinkering with the goods and services tax rate for a particular sector, will not help the Indian economy in the long run. Both domestic and foreign investors would be keenly watching how the government responds to the slowdown in the coming weeks and months.

By the end of the next 100 days, the government would start preparing for the next fiscal year's Budget. If investor confidence is not restored by then, things would become more difficult for the Indian economy. As things stand today, in the current year, revenue collection might fall short by a significant margin and, despite a higher than expected transfer from the Reserve Bank of India, the government might have to cut expenditure or resort to off-balance sheet borrowing to meet the fiscal deficit targets. Management of government finances is another area that needs a major overhaul to bring transparency and boost confidence. The biggest problem of course is consumer confidence, which has been severely dented. An absence of a massive shift in policy thinking in the coming weeks would be unfortunate, because India has a stable government with a comfortable majority which can make fundamental changes to take the economy to a sustainable and higher growth path.

A market for loans

Secondary market will need to cross many hurdles

Last week, a task force set up by the Reserve Bank of India to examine the possibilities of a secondary market for corporate loans in India submitted its report. The task force, which was led by Canara Bank Chairman T N Manoharan, suggested creating a self-regulatory body to manage the secondary market. This body would standardise the paperwork associated with loans, making them easier to trade; maintain the standards and examine documentation; maintain a central registry, and so on. Aside from the creation of this quasi-regulator, the committee also suggested that existing requirements be changed and the secondary market for corporate loans — currently dominated by banks — be thrown open to mutual funds, pension funds, and insurance companies. The market for stressed loans in India is, in fact, relatively diverse, given that banks are permitted to sell their stressed assets even to foreign investors via asset reconstruction companies, and that non-banking financial companies are participants in the process of securitising such stressed assets. However, it is not deep and is based mainly on arbitrary bilateral transactions. A more structured form of price discovery would be far more efficient — but worrying for banks, who would now be held to account by the market for their decisions on loan pricing. There are also tax implications for participants, which have to be worked out; the ministry of finance should direct tax officials to issue advance rulings where necessary.

The question to be asked is whether the constraint on market participation for secondary loans is purely one of regulation, or whether there is a deeper issue in making the market more liquid.

After all, while the recommendations of the Manoharan Committee are professional and forward-looking, the state of the corporate bond market — which, in most places, is more liquid than the secondary loan market — is disquieting, and suggests that there is simply not enough depth. For instance, Reserve Bank of India Deputy Governor B P Kanungo recently pointed out that "the secondary market in corporate debt is so illiquid that we can very well say there is no such market". In the absence of sufficient liquidity, the market is not properly passing the price information about companies. As Mr Kanungo noted: The rating transition of some corporate debt, particularly those issued by financial firms, has been phenomenal — from sound credit to junk. The fact is, of course, that even the primary corporate debt market is stunted by the size of the market for government and quasi-government paper. And even that is dominated essentially by the 10-year benchmark G-sec. Investors regularly complain that there is such low liquidity in the secondary bond market that even top-rated bonds and government-financed infrastructure bonds being hawked on favourable terms often find no takers at all. While the regulators may be concerned about the development of offshore markets for derivatives, the fact is that greater innovation and regulatory cohesion are needed across the board for debt and loan markets. This must be priority for growing long-term finance and better pricing of debt — crucial to avoid investment crises such as those India is enduring.

ILLUSTRATION BY AJAY MOHANTY

Buy, not build, spacecraft

Isro needs to turn itself into a planning, contracting, and contract-monitoring organisation — like Nasa has done

SNAKES & LADDERS

AJAY SHAH

The immediate motivation for creating the Indian Space Research Organisation (Isro) has subsided: The fruits of their labour can be purchased on the world market. Landing a craft on the moon has zero practical payoff. The gains from doing this now lie entirely in its impact on capacity building in India. To the extent that Isro operates in isolation, the gains for society are small. In order to obtain strong spillovers from public expenditures for society at large, Isro needs to become like Nasa, a contracting organisation.

There was a time when we in India built Isro for the purpose of obtaining tangible benefits from space exploration. While those considerations were appropriate at the time, that phase has subsided. Commercial activities, such as communications or remote sensing, are now amply feasible through the global space industry. The quality and price of commercial offers worldwide are now astonishingly good, and Indian users can easily buy these services.

Military objectives have been achieved and transferred to the armed forces, which now know how to send a nuclear missile to a desired destination, or a low-orbit spy satellite to photograph Xi Jinping on his morning jog. Self-reliance is less critical than it used to be: Spy-satellite services can be purchased in the world market, which may exceed domestic capabilities.

Landing a craft on the moon is thrilling, but it generates no tangible gains for India. How do we justify budgetary expenditures on Isro? A lot of money is being spent at Isro, but how do we ensure that it is being spent wisely and that the maximum gains for society are achieved?

The key insight lies in thinking about spillovers of knowledge. It is worth putting public money into space exploration owing to the spillovers that it generates. The design of institutional arrangements should be done in a way that maximises those spillovers.

At one extreme is a hermetically sealed Isro. Public money goes into Isro, a team of engineers at the organisation alone builds a craft, they achieve the knowledge of how to land a craft on the moon, but they are completely cut off from the Indian mainstream, particularly owing to the secrecy associated with this work. In this scenario, the gains for India from this expenditure are small.

At the other extreme is Nasa. Before the feats of engineering at Nasa came the feats of public policy and public administration, in the "acquisition process". Nasa has rarely built space equipment. The staff of Nasa are not engineers who build equipment; they are civil servants who do contracting, to private firms and private universities, which hire engineers.

From 1958 to 1965, the real achievements at Nasa were in developing procedures which would spread Nasa funds across the economy. In 1960, Nasa was contracting out \$300 million. In 1968, the year before the Apollo 11 landing on the moon, it was contracting out \$4 billion, of which a quarter was going outside the US. The real impact of Nasa upon knowledge, in the US and outside it, lay in spurring capabilities in all the persons who got these contracts. The money spent on Nasa was well worth it, not because it is inspiring seeing men walking on the moon but because thousands of ideas flowed into the technological capabilities of firms in the US and outside it.

The "Jet Propulsion Laboratory" (JPL) is Nasa's primary planetary spacecraft centre, which has 6,000 employees and a fluctuating population of a few thousand short-term staff. It is operated by a private university — Caltech — which is paid \$3 billion a year by Nasa. The JPL produces photographs of Jupiter, but it yields much more: It fuses into the broader knowledge at Caltech and thus ultimately into the overall country.

Three programmes are underway at Nasa, which gets private firms to build capabilities. The "Commercial crew program" asks private firms to carry astronauts to and from the International Space Station (ISS). These contracts have gone to SpaceX and Boeing. The "Commercial cargo program" has a large number of robotic cargo flights by SpaceX and Northrop Grumman to the ISS. The "Commercial lunar payload services" programme has two contractors, who are being paid about \$80 million each. Astrobotic's Peregrine lander will fly up to 14 Nasa payloads to a location on the moon, and Intuitive Machine's Nova-C lander will take up to five Nasa payloads to another location on the moon.

These three dimensions of contracting will give thrilling videos. More importantly, they will create capable organisations in the private sector, from where knowledge will spill over into society and the world more widely.

Drawing on these ideas, Isro needs to turn itself into a planning, contracting, and contract-monitoring organisation. This will translate public expenditure into greater knowledge spillovers into India, and greater achievements on the dark side of the moon.

A key concern about the Indian defence, space, and nuclear programmes is that of cost efficiency. As an example, nuclear plants made in India are much less cost-effective than the best worldwide. This problem may be present in space technology also. It is hard to correctly account for all the expenditures that are going into space research, and assess cost-efficiency.

In order to solve this problem, the things that are understood — like building certain kinds of satellites or rockets — should be spun off into private firms which will then compete on the global market in a purely commercial way. We have vividly seen this in the US, where private firms now own the full design and development of vehicles, and Nasa is just renting rides to the ISS. Public money on weather satellites will be spent more efficiently when there are multiple private firms (Indian and foreign) competing for the services that the India Meteorological Department (IMD) requires, as opposed to a clubby environment where Isro obtains budgetary allocations for doing the IMD's work.

Isro should divest itself of the easy terrain, and concentrate on building the next level of knowledge — not by hiring engineers but through intelligent contracting.

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

Desertification: Rio's stepchild

DOWN TO EARTH

SUNITA NARAIN

The United Nations Convention to Combat Desertification (CCD) is Rio's Stepchild, we said. Why? Because it was a neglected and frankly unwanted agreement, signed by the world at the Rio Conference in 1992. It was agreed because African and other developing countries wanted it. It was a sop — give them the crumbs of an agreement, which the rich world did not understand or believe in. In Rio, climate change was the top agenda. Next came the issue of biodiversity conservation — a resource largely surviving in the countries of the South, which need to be conserved and access secured. Then there was the issue of forests — a convention was proposed and staunchly opposed by the developing countries which said it would infringe on their national resources. In all this acrimony, the desertification convention was born.

Today, close to 30 years later, now when the world is beginning to see the deadly impacts of climate change, now when it is still losing the war against the extinction of species and is faced with the dire prospects of catastrophic changes, this forgotten, this neglected convention, must shed its stepchild image. It is the global agreement that will make or break our present and future. The fact is that managing our natural resources, particularly land and water — what this convention is concerned about — is at huge risk today; our own mismanagement is being exacerbated by weird weather events, which are making millions more vulnerable and more marginalised.

But there is another side as well. If we can improve our management of land and water, we can shave off the worst impacts of climate change. We can build wealth for the poorest and improve livelihoods. And, by doing this, we mitigate greenhouse gases (GHG) — growing trees that can sequester carbon dioxide; improving soil health, which captures carbon dioxide; and, most importantly, changing practices of agriculture and diets are reducing emissions of planet-warming gases. So, this convention needs to be moved from the stepchild to the parent.

At the Rio Summit, northern countries asked what this issue had to do with them. Desertification was not a global issue and so, why should there be an international agreement at all? In Rio, African nations, who argued for this convention, had drawn important linkages to how the prices of their commodities were dropping, forcing them to discount their land and this, in turn, was adding to desertification and land degradation.

Today, there should be no doubt that desertification is a global issue — it requires cooperation among nations. The fact is that we are just beginning to see the impacts of climate change. These will become more deadly as temperatures continue to spiral and this spiral gets out of hand. It is also clear that today the poor in the world are the victims of this "human-made" disaster — local or global. The rich do not die in sandstorms. The rich do not lose their livelihoods when the next cyclonic system hits. But the fact is that this weird weather portends what awaits us. The change is not linear, and it is not predictable. It will come as a shock and we will not be prepared for it — the rich in developing world or the developed world. Climate change at the end will be an equaliser — it will impact all.

It is also clear that one impact of this corrosive change — increasing numbers of disasters because of the growing intensity and frequency of weird and abnormal weather — will make the poor poorer. Their impoverishment and marginalisation will add to their desperation to move away from their lands and to seek alternative livelihoods. Their only choice will be to migrate — move to the city or another country. The double jeopardy, as I have called it, will add to the already volatile situation of boat people and walls and migrant counting, which is making our world insecure and violent. This is the cycle of destructive change that we must fight. Desertification is then about our globalised world. Inter-connected and inter-dependent.

This is where the opportunity exists. This convention is not about desertification. It is about fighting desertification. The fact is that every way — in which we choose to fight desertification or land degradation or water scarcity — we will improve livelihoods and end up mitigating climate change. The land and water agenda is at the core of fighting climate change. It is at the core of building local economies to improve the wellbeing of people. To fight poverty. To win the war against human survival. This is what the CCD is about. Now, let's push for global leadership that can drive this change.

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Malcom Gladwell's latest theory

BOOK REVIEW

JENNIFER SZALAI

Deep into Malcolm Gladwell's *Talking to Strangers*, his first book in six years, lies a precise arrangement of words that could function as a Rorschach test — a sentence that will strike you as reassuring if you love his best-selling books or exasperating if you don't.

Writing about Khalid Shaikh Mohammed, or KSM, the senior Al Qaeda official and alleged mastermind of 9/11 who was taken to CIA black sites and subjected to "enhanced interrogation techniques," Mr Gladwell is careful to keep the reader on track: "But let us leave aside those broader ethical questions for a moment, and focus on what the interrogation of K.S.M. can tell us about the two puzzles."

It's a gentle directive for those of "us" making our way through the quagmire with Gladwell as our friendly guide. In a chapter called "K.S.M.: What Happens When the Stranger Is a Terrorist?," he knows that his descriptions of waterboarding might be distracting. But instead of getting bogged down in "broader ethical questions," we need to keep our focus trained on the "two puzzles" (more on those in a bit).

Mr Gladwell has never shied away from incendiary material, and his newest book is no exception. In *Talking to Strangers* he asks why we are "so bad" at understanding people we haven't met before. We often can't tell when a stranger is lying to us ("Puzzle Number One"), and meeting a stranger face-to-face doesn't necessarily help our understanding of who they are ("Puzzle Number Two"). His case studies include the convicted pedophile Jerry Sandusky, the double agent Ana Montes, the Ponzi-schemer Bernie Madoff and — because Mr Gladwell is nothing if not ambitious — Adolf Hitler.

Mr Gladwell says we have a hard time recognizing a liar because we're prone to what the psychologist Tim Levine calls a "default to truth": We are social creatures who tend to trust others.

But we can have a hard time recognising a truth teller, too.

To illustrate, he presents the story of Amanda Knox, the American student in Italy who was convicted of killing her roommate in 2007 and later cleared of the crime. Despite overwhelming evidence pointing to another culprit, Italian law enforcement officers were immediately convinced that Ms Knox was guilty because she didn't act like the prototypical grieving friend. There was a mismatch between her pleas of innocence and her cold, oddball demeanour. As Mr Gladwell puts it, "We are bad lie detectors *in those situations when the person we're judging is mismatched.*"

In other words: We have a hard time with truth tellers who look suspicious and liars who look sincere.

It's a fair point, if a fairly obvious one, but Mr Gladwell leads up to this moment by dispensing suggestive morsels of theory, like a trail of bread crumbs; his *italicized conclusions* are designed to hit us with *the force of revelation* when it finally dawns on us *how everything fits together.*

Amping up the drama like this doesn't have to feel cheap; there's a fine tradition of storytelling as benign manipulation, and in his articles for *The New Yorker*, Mr Gladwell often gets the balance right. But not here. A chapter on the Stanford rape case from 2015 is a prime example. A jury convicted Brock Turner, a freshman, of sexually assaulting Chanel Miller. Mr Gladwell deems what happened a case of "transparency failure on steroids."

"A young woman and a young man meet at a party," he writes, "then proceed to tragically misunderstand each other's intentions — *and they're drunk.*" This is a bizarre way to describe a situation that ended with a conscious Turner being found on top of an unconscious Miller behind a dumpster. He had pulled down her dress, removed her underwear and assaulted her with his fingers. In what universe is this the result of a tragic misunderstanding?

Theory can provide a handy framework, transforming the messy welter of experience into something more legible, but it can also impose a narrative that's awkward, warped or even damaging. Mr Gladwell seems to realise as much. *The Tipping Point* endorsed the "broken windows" theory that aggressive policing of minor infractions can prevent more serious crimes; years later, as debates about mass incarceration came to the fore, he conceded that the theory was "oversold," and that he regretted his part in promoting it.

In *Talking to Strangers*, there are glimpses of this mildly chastened Gladwell. He begins and ends his book with the story of Sandra Bland, who was pulled over for failing to signal a lane change and later died in police custody, in what officials deemed a suicide. Bland was black; the officer who pulled her over, Brian Encinia, was white. Mr Gladwell slips in a "cautionary note," saying that for all the theory he presents "the right way to talk to strangers is with caution and humility."

But this anodyne sentiment is too vague and banal to explain anything, much less carry a book, and Gladwell knows it. In his strenuous bids for novelty, he has to minimize existing explanations of Encinia as a racist and a bully, concluding instead that the best way to understand Encinia is as "*the police officer who does not default to truth.*"

This might be classic Gladwell, but it comes across as jarringly incongruous — especially now, when there seems to be a growing awareness that "broader ethical questions" can't be neatly cordoned off from the issues at hand. As Mr Gladwell notices of someone else's theory, one he's trying to counter with his own: "If only things were that simple."

TALKING TO STRANGERS: What We Should Know About the People We Don't Know
Malcolm Gladwell
Little, Brown & Company
386 pages; \$30