

BusinessLine

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Uncertainty in Britain

Hung verdict complicates Brexit talk prospects as well as UK's ties with the rest of the world

“A week is a long time in politics,” as one-time British prime minister Harold Wilson famously declared. This brutal truth was driven home to Britain's current prime minister Theresa May after her Conservative Party lost its overall majority in the snap general elections she called a whole three years early, with the specific aim of bolstering her majority and giving her a stronger mandate in the all-important Brexit talks with the EU. The Conservatives, who started out with a seemingly unassailable 20 points ahead in the polls, now must form a coalition government with Northern Ireland's tiny Democratic Unionist Party (DUP). Already, the wolves are baying for May's blood and her survival looks doubtful, though she firmly insists she's not moving from 10 Downing Street.

Now what shape the Brexit negotiations will take is anyone's guess. May (who said the EU would find her 'a bloody difficult woman') or any other future prime minister will find it tough to steer a path forward. The task will be made harder because the Conservatives are bitterly split between the extreme right demanding a 'hard' Brexit or total break with the EU and others who want a 'soft' Brexit with links preserved. A third faction still hopes Brexit, with all its economic disruptions, could be jettisoned altogether. EU leaders were also dismayed by the hung result as they fear the complex negotiations will get even tougher with a weak British PM.

The fact is, the Brexit negotiations have implications far beyond UK borders. Britain is the first choice for most Indian firms wanting a beachhead from which to launch an assault on the European market. That's not just because of the English language but also because London offers a powerhouse of financial and allied services. If Britain has an untidy break from the EU, companies may be forced to relocate to mainland Europe, and in fact some are already doing so. Besides, the Conservative manifesto reflected May's hardline immigration stance that may involve higher entry fees for Indian skilled workers and students. Her first foreign trip as prime minister was to India, but she displayed naive arrogance by announcing fresh curbs on Indian students just before coming here to cultivate more bilateral trade. Between May, who has always taken a blinkered view of the world and the professorial Jeremy Corbyn, British voters had relatively uninspiring choices. The resulting hung Parliament has introduced a new level of uncertainty in Britain and the rest of the world.

Understanding Labour's resurgence in UK

The election is a vote for welfarism and a less stringent approach to immigration. It also validates Corbyn's party leadership



VIDYA RAM
EUROSCOPE

On Wednesday night this week, the Union Chapel, a church in the central London borough of Islington that doubles as a popular and trendy music venue, played host to a different kind of stardom, as Labour Leader Jeremy Corbyn held his last rally before Thursday's general election.

“Oh Jeremy Corbyn” and “Jez We Can” were among the loud, musical chants of the audience gathered there, while more stood outside unable to get in.

Such gatherings across the country have been the trademark of Corbyn since his epic campaign to become leader of the Labour party in 2015, but were scoffed at in the early days by his opponents within and outside his party, convinced that his supporters were hardly representative of the wider British public.

Reversal of situations

That assumption was thrown out with the bathwater on Thursday night, along with hopes of a comfortable Conservative victory, as the election resulted in a hung Parliament, with the Conservatives losing seats and failing to win an overall parliamentary majority.

The rubber stamp on the Conservative track record that Prime Minister Theresa May had sought was nowhere in sight. By contrast the vote for Labour was up by over three million.

Much uncertainty remains, but there are a number of takeaways for Britain and beyond so far. Firstly,

the much-touted march of the right, touted by its proponents in the wake of the Brexit referendum and the victory of Donald Trump last year, is far from inevitable. What is happening in Britain points to something far more complex at work in the West: widespread dissatisfaction with the status quo that doesn't necessarily give into campaigns of fear and negativity pegged around immigration.

While the results and the preceding BBC exit poll came as a shock to many, the Conservatives could have looked back to the campaigns of the Brexit referendum to get a sense of where their may have floundered.

Post mortems of the Brexit campaigns had suggested that the Remain's focus on scaring people about what a Britain outside Europe would suffer, rather than making a positive case for membership, was one of the factors that contributed to its failure; ironically, such an approach was certainly the case with the Conservative campaign this time round.

Negative Conservatives

Initial attempts to send a positive message focused on May's track record, quickly gave way to a highly personalised assault on Corbyn and other members of his team, with the Conservatives deriding the “coalition of chaos” that could result from the Labour Party working with others such as the Scottish National Party and the Liberal Democrats. It attempted to pour scorn on the Labour party's spending plans, and policies such as removing tuition fees for students, with the concept of a “Magic Money Tree.”

However, the Conservatives failed to make much headway with this as

the party failed to provide detailed costings in its manifesto, and questions were raised about the financial viability of their programme, which counted heavily on cutting immigration, viewed by and large as a disaster by Britain's business community. The negative campaigning was cleverly and humorously played on by Labour at times, which used social media to its advantage.

By contrast, the Labour campaign focused overwhelmingly on its aspirations to build a nation “For the Many Not the Few,” cleverly shifting the debate away from Brexit to the impact that years of austerity, including for the past seven years under the Conservatives, had had on voters – from the schools their children attended to the pressures facing the NHS. Austerity even figured high in the debate around terrorism, as Corbyn shifted the focus back on them and the cuts that had been made to police forces over the past years. Even John Redwood, a Conservative MP to the right of the party acknowledged the public appetite for greater spending on public services, in a television interview on Friday morning.

The results also question the common perception that politics and politicians don't change over the course of the campaign, but merely reflect the sentiments that have ridden through it. Corbyn, a long term passionate and principled politician who had taken up a range of causes over the

years proved able to juggle the different policies within his party. Some policies in the manifesto were ones that Corbyn had explicitly opposed in the past such as the renewal of Trident, Britain's nuclear deterrent.

Such moves helped draw in Labour voters who had initially been sceptical of him, as well as win support from within influential party figures, such as Tony Blair's ally Alastair Campbell.

Corbyn's earnest, and passionate style contrasted with May's whose attempt to position herself as a “bloody difficult woman” felt out of step with the mood of the country, concerned about the ways in which negotiations over Brexit would pan out. Genuine questions about local concerns about Brexit related job cuts were met with unemotional, highly general responses from the prime minister.

Campaign issues

The result will have a huge impact on the Labour party going forward, putting paid to the assumption of many within the party, since the days of Blair, that being on centre ground was the party's only hope of success. The Corbyn manifesto is a radical one, with pledges to re-nationalise key infrastructure, raise taxes on corporations and the wealthy, and re-visit Britain's interventionist foreign

policy. The campaign has returned the British electoral system to one dominated by the two mainstream parties, in a way it has not been for many years.

With Brexit negotiations set to commence in mid June, it will also raise fundamental questions about Britain's Brexit strategy, though perhaps not in the way some had foreseen. The collapse of support for the right wing UK Independence Party had been expected to benefit just the Conservatives. But Labour gained from it too, suggesting that the disillusionment with UKIP did not necessary involve policies focused around cutting immigration. While Labour has pledged “fair rules and reasonable management of migration” its immigration strategy would be a big departure from the tough Conservative approach, making allowances (significantly for India) for family reunions and a more welcoming environment for students.

Labour has pledged to rip up the Conservative's white paper and adopt a more conciliatory approach to the negotiations, which would include retaining the benefits of the single market and customs union. Uncertainty is likely to continue in the coming days, but one thing is clear: political victory doesn't always equal winning an election and as Corbyn said on Friday, British “politics has changed and politics isn't going back into the box it was in before.”



Flexible yet clear
Jeremy Corbyn's economic positions went down well

Three crucial stumbling blocks in farming

Policies should focus on extension services, land leasing practices and the management of farmer producer companies

SATHYA RAGHU V MOKKAPATI

Imagine a beautiful plant. On soil, close to its roots, there is a small plastic packet of plant nutrients. While the packet is close to the plant, it cannot be absorbed unless the cover is removed. It might be the best nutrient imported from a different continent and brought all the way to the root of the plant, but it starts showing results only when the plant absorbs it. The farmer is the plant. Government schemes on agriculture are that packet of nutrients.

Suddenly, farmers in India have a happening life. It is quite similar to a teenager who suddenly comes from a small town to a cosmopolitan city. A digital wallet, Smartphone apps, crop insurance, soil health cards, e-markets and best of all, an American dream that their incomes will double by 2022.

They hear about Aadhaar having the potential to change their lives. They went through DeMo of NaMo during last winter, which is considered 'pro-poor'. There is news

about 'One Nation One Market'. Agricultural commodity exchange 'NCDEX' has been making a lot of news. The vibe in the rural is that 'something big is happening, but we don't really know what it means to us'.

Three major problems

The Modi government just completed three years. In the next 500 days the sarkar should focus on three aspects to make the big list of reforms reach the farmers. They are: strengthening the agricultural extension system, regulatory reforms in land; and creating hybrid governance structures of farmer collectives.

Agriculture extension services: Leveraging the technology and adapting it to local conditions, government extension departments should upgrade themselves. A farmer should be able to raise an information or trouble shooting request through his/her mobile by simply voice recording or taking a picture.

It should be centrally monitored

but locally delivered through the field agronomist. A suggestion without any accountability will not have much relevance. Also, incentives for the officer should be based on outcomes. Only then can tools such as Plantix implemented in Andhra Pradesh can be leveraged for this purpose.

Regulations around land: Land ownership is still a highly debatable issue in rural India. The panel



Walk the talk That's for the Government KK MUSTAFAH

set up under NITI Aayog suggested reforms in land leasing policies, ramping up of land records and titles.

This will create better access to credit and help farmers realise the value of asset when required. On one hand, we read that small scale farming has challenges due to diseconomies of scale. On the other hand, land is being fragmented more and more with one generation handing it over to the next. Without progressive regulations on land leasing or aggregation, farming will continue to be increasingly unviable in many parts of India.

Farmer producer companies: Despite forming more than 3,000 farmer producer companies (FPCs) to solve the problem of distribution and diseconomies of scale. A recent study from the Institute of Livelihoods Research and Training found that many of these FPCs are missing both competent, business-minded leadership and transparency.

Generally, in a company form of organisation, ownership and management are two separate boxes.

But in farmer producer companies, farmers own and manage the set up. We know the limitations farmers have in terms of education and business exposure. This needs to change. Having started three startups in the past six years, I realise that running a company is not as easy as starting it. It requires professional expertise and business acumen.

Business solution

Today, 100 per cent of ownership and 100 per cent of management of FPCs is with farmers. If professionals and business-minded people are roped in, things can look better. With 20 per cent ownership in professional hands, things can change. There will be business interest for professionals to turn the business profitable and farmer groups can enjoy 80 per cent of the profits, too. However, regulation should provide safeguards against any exploitation by one party of the other.

The writer is co-founder of Kheyti, a farm tech startup

SUKIYAKI MANJULA PADMANABHAN



LETTERS TO THE EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

White elephant

This refers to 'Don't waste time trying to revive AI' (June 9). Niti Aayog has made a welcome recommendation to privatise Air India, more so when AI has huge debt on its balance sheet and merger between Indian Airlines and Air India has not fetched the desired results. It is inevitable for the government to exit the airlines business. It cannot be allowed to bleed on the Exchequer's money.

Bal Govind
Noida

RBI justified

This refers to the editorial 'Overly cautious' (June 8). It was reasonable for RBI to maintain pause over monetary parameters, as inflationary pressure in the coming months cannot be underestimated. The reasons are: one, agricultural loan waiver by UP government and similar preparation by MP and Maharashtra; and two, im-

plementation of GST from July 1 is likely to trigger inflation in the initial phase of its implementation despite anti-profiteering laws.

Assertion of autonomy by RBI after slippage due to demonetisation is also reasonable to regain its lost ground. In any case banks are flooded with cash in absence of credit offtake given the uncertain domestic economic scenario, deep structural problems and twin balance sheet problem. Any cut in the repo rate may not motivate private investment unless the problem of NPA is resolved.

Trupti Goyal
Email

Farmers' plight and protest

The attribution of the outbreak of massive farmer protests to instigation by the Congress does not stand up to scrutiny. It is an insult to the ordinary, decent, hard-working farmers now in the throes of an existential crisis and on a war

path. A few stray incidents of involvement by a few local Congress leaders in the protests are blown out of all proportion by sections of the media to apportion blame on the Congress and shield the BJP.

With the cost production including seeds, fertilisers and pesticides decided by rapacious corporate behemoths, agriculture has now become an occupation bereft of economic viability. Sadly, there is not as much focus on the producer as on the production. Farmers live in utter misery and a farmer's average monthly income is put at as less as ₹1,600. Still the decision-makers betray a lamentable lack of empathy for them.

Loan waiver, assured basic income, minimum support price (MSP) at input cost plus 50 per cent, insurance to all crops, mechanism to withstand slumps in prices, pension to old farmers, distribution of surplus government land to landless farmers and a halt

to diversion of agriculture land to corporate sector are among the possible remedies to the agrarian crisis. A special session of the Parliament should be convened to decide on steps to tackle the agrarian crisis and stem the tide of farmer suicides. It can have no business more important than alleviating farm distress.

G David Milton
Maruthancode, Tamil Nadu

Not a good sign

According to the Annual Survey of Industries done by the Central Statistical Organisation, the capital intensity of the Indian industrial structure is increasing and the employment of labourers is falling. This is not a good sign of progress. India enjoys a huge demographic dividend. Hence, it is imperative that Indian Industries make their organisations more labour-intensive than capital-intensive. Needless to say, la-

bourers must be disciplined and be paid according to the nature of work and productivity.

S Ramakrishnasayee
Ranipet

Opposition in disarray

This is with reference to the concluding paragraph in "Three years of promises kept and violated" (June 9) by NV Krishnakumar. The Opposition parties have been crying hoarse about the breach of promises made by Narendra Modi during his election speeches.

However, they have not declared who would be their leader, who can rival Modi with a more compelling vision for India. The Congress is gripped by death wish and regional party leaders have a narrow focus. Opposition parties have not shared a common agenda, which is potentially superior to that of the ruling coalition.

YG Chouksey
Pune