

A Long Haul Ahead for the Railways

It should get budgetary support for its subsidies

The Prime Minister's Office has reportedly directed the finance ministry to make good recurring losses of the Railways in operating several non-profitable strategic lines in hilly, coastal and backward areas. It points to a welcome change of track in rail finances, but a lot more traction is warranted for the Railways to gainfully and sustainably meet its social obligations. The expenses on strategic lines is but a small fraction of the total social service obligations of the Railways, estimated to be over ₹34,000 crore annually. They should get this money, just as state power utilities are supposed to get from the Budget the subsidies they give farmers.

Following the merger of the rail budget with the Union Budget, the practice of reimbursing the Railways for operating the non-viable strategic lines had been questionably discontinued. However, going forward, the entire social service obligation of the Railways surely need to be financed by three tiers of government: the Centre, the concerned state and possibly municipal bodies. There is no reason why, say, in Mumbai, subsidy, if that is needed, on suburban rail services cannot be entirely locally financed. The way ahead for the Railways is to follow commercial accounting practices to duly keep tab on social costs. In parallel, we do need independent tariff setting, and gradually need to put in place a plan for competitive rail services, along with common track and signalling systems.

To fast-track the modernisation of the Railways, the costs of meeting attendant social obligations need to be speedily reimbursed. It would then make it possible for the Railways to better allocate resources for revamp and express upgradation of facilities, and, in the process, opt for modular investments. True, the Railways must, in tandem, boost non-fare revenue and rationalise overheads and sundry costs. But without transparently accounting for and meeting social costs, the Railways would fall short in its economic role in transport and haulage. We must seek clear objectives and not merely muddle along the beaten track of populism and giveaways.



Helping Foreign Rulers, Just by Comparison

The drama surrounding Donald Trump's administration could fuel many seasons on Comedy Central. Consider this: in his first six months in office, Trump has fired 12 senior people in his administration, an average of two exits per month. The average is deceptive: director of communications, foul-mouthed Anthony Scaramucci was sacked after 10 days, acting attorney general Sally Yates lasted 11 days, and national security adviser Mike Flynn was fired after 23 days in office. The most shocking exits were of FBI chief James Comey after 110 days at work that included probing Russian meddling in US elections, and that of Reince Priebus, former White House chief of staff, whose tenure lasted an epic 189 days.

Trump could walk into the sets of 'The Apprentice', a TV show he hosted through 2004-15. At the climax of every episode, he would dismiss failed contestants, exclaiming, "You're fired." His executive powers, too, have been dented in the Senate and Congress. In mid-July, Trump's attempt to slash medical insurance for millions of Americans was shot down in the Senate. Three Republican Senators, led by war-hero and former presidential candidate John McCain, voted against Trumpcare. Recently, Congress voted decisively, with a margin of 419 to 3, to maintain sanctions against Russia against the president's wishes. Trump could not veto this sort of majority; Congress would simply make it into law after the veto. Clearly, lawmakers do not trust the president. Grumbling, Trump signed off on it.

Trump's actions have alienated many who had supported his campaign. His grip on executive authority and knowledge about important issues look tenuous. Such fickleness at the top office of the planet's largest economic and military power should worry everyone — except the people at Comedy Central.

Scotland Yard reportedly is trying to blitz rough housing estates with Mozart

If Music be the Fuel Against Crime, Play On

"If music be the food of love, play on," said the Bard. Now, Scotland Yard wants to use music to fight crime. Having observed that piping music into 40 London underground stations reduced anti-social behaviour, both physical and verbal, newly recruited Constable Adam Weber decided to pump Mozart into a rough housing estate he was supposed to police. However, he also had the bright idea that if power supply could be cut to a part of the estate known to be a place where gang members hung out, their phones would run out of charge by evening and a lapse in communications would abort some crime. The flaw in the second proposal would strike anyone in India, who is familiar with the tendency of their phones to die long before a normal workday's quota of WhatsApp videos has been consumed, and have identified a remedy in the power bank that has swiftly evolved into a dutiful chaperone to the ubiquitous phone. If London's gangsters could not lay their hands on at least a 10,000-mAh power bank to back up their phones, they would have stuck to nicking school lunches. Constable Weber's plans might go the way of the best-laid plans of mice and better men. But music does have a long history as a tool of manipulation, as the rats that the pied piper led into the waters of the Weser could have testified, had they not been dead.

STATE OF PLAY The rise of a new BJP is the big, quiet, political change now taking place

Upgrading the Software



Pranab Dhal Samanta

The Cabinet rejig is the next most awaited political event in New Delhi. And yet, it doesn't seem to excite much. This is largely because the outcome of any change here is fairly predictable in a stable government. Except that it would be wrong to surmise this to be an absence of change.

Conventional political logic always puts the spotlight on the Cabinet, its composition, who's in, who's out. And the validity of that exercise is by no means irrelevant. But surely, it's not necessarily the most accurate indicator of the power shift in the current political context. Let's face it. Just being a Cabinet mantrian isn't a free ride to political authority in today's BJP. Which is why it's important to understand what's really happening and where exactly the site of the shift is.

The government has worn a familiar look through the past three years and is unlikely to alter much. The real churn has actually been happening in the party, where new faces with fresh talent have been trying their hands at almost everything: from impactful event organisation, membership drives, to using big-data analytics and redefining traditional election mathematics.

Given that both Prime Minister Narendra Modi and BJP president Amit Shah took over with almost

zero loyalty baggage, it didn't really matter down the line who was in which camp. The political upheaval of 2014 created an unexpected level-playing field, where anyone with political ambition and talent was in with a chance.

Interestingly, the Congress was the party more familiar with such periodic churn — ironically, due to the nature of dynastic leadership. So, each time, a new member of the Nehru-Gandhi family prepared to take over, new opportunities showed up because old loyalties could never be fully inherited.

In fact, one witnessed this phase for that brief period between the 2009 general elections and the 2012 Uttar Pradesh assembly polls, when Rahul Gandhi, riding a high, was seen backing new talent along with next-generation leaders from known political families. However, that was too little, too patronising when compared to the clean slate Modi and Shah represented in 2014.

Season 1, Episode 2

Through the last three years, this open field has now taken shape into a robust political machine with new faces, new leaders and workers who represent the new BJP. And that changes a few things when one talks of any kind of rejig in 2017.

The rise of a new BJP is really the big political change. This essentially means a gradual takeover by a new class of politicians and political workers. What's to be watched is the internal yardstick of judging and promoting this new talent. Will professional meritocracy give way to political patronage, caste loyalties and electoral mathematics?

In politics, it will always be a mix of this and that. But the challenge before the BJP leadership will be to ap-



Be careful now, that's the cadre

pear credible in making these choices, to ensure it still remains the best magnet for political talent. On the other hand, this is exactly the juncture where the Opposition will hope for the BJP to make a false move or two that could stoke disgruntlement.

While winning elections provides a wonderful momentum that can cloak all disenchantment in its tide, it also continues to raise expectations among performers at all levels. Either way, it's clear that a new BJP is rocketing up the ranks and that, in turn, puts to rest two basic arguments about the BJP, which its own leaders argued until recently.

First, that the BJP has a talent deficit. While anyone can still make this argument by way of profile comparisons with the Congress, it can no longer be sustained politically. The talent within the BJP is now proven entity, asking for more opportunity on the basis of how they have performed in taking the party forward in the last three years. Rather, the BJP has to alter its political line to now project a party bursting with young

talent waiting in the wings. Second, that a new 'outsider' leadership is fixing a moribund BJP. The party is now transformed with new faces inducted at every level. Shah has reshaped the unit in his imagination, building a strong campaign effort around the Modi image and his governance model.

Change of Cast

Bottom-up, this is very much a new BJP, which actually views Shah at its chief patron, who will ensure that the sangathan (organisation) always gets its due in the government and its related universe.

In other words, a new BJP is taking charge, where a Cabinet reshuffle or an expansion is a mere milestone. The truth is that if 2014 represented a fundamental shift of the centre of gravity of Indian politics, the new BJP in 2017 is the edifice built around that new core.

Any structural change, appointment or rejig from here on will eventually, and in due course, have to mirror this shift.

If 2014 represented a fundamental shift of the centre of gravity of Indian politics, the new BJP in 2017 is the edifice built around that new core

WIT & WISDOM

"A hospital is no place to be sick."

Samuel Goldwyn
Producer

Workplace Gender Gap

Labour force participation is generally lower for females than for males, though in developed economies, the profile of female participation is increasingly becoming similar to that of men. But there are some countries, particularly in Northern Africa, the Arab world and South Asia, where the workplace gender gap is substantial...

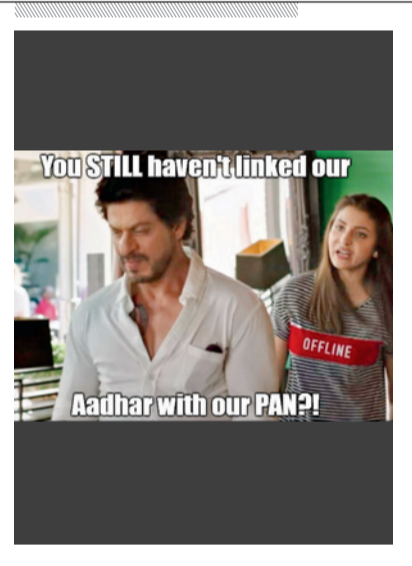
Gap in labour force participation

Countries with the largest workplace gender gap (Labour force participation rate)

Area	Male (%)	Female (%)	Gap*
Afghanistan	83.6	19.3	64.2
Syria	70.9	12.4	58.5
Saudi Arabia	78.5	20.0	58.4
Pakistan	82.5	24.8	57.7
Iran	73.2	16.3	56.9
Oman	85.4	30.1	55.3
Western Sahara	83.3	28.6	54.7
Iraq	69.9	15.3	54.6
Algeria	70.7	17.0	53.7
Egypt	76.2	23.1	53.1
India	79.1	27.0	52.1
Palestine*	69.7	18.4	51.3
Libya	78.4	27.8	50.6
Jordan	64.5	14.5	50.0
UAE	90.8	41.7	49.0

*Percentage points; *Occupied Palestinian Territory

MEME'S THE WORD



PAKISTAN-CHINA

Old State, New Client



Indrani Bagchi

Irony died a million deaths on July 28 when Pervez Musharraf congratulated the Pakistan Supreme Court for getting rid of Nawaz Sharif. Musharraf himself is in exile and would have been in jail — after he conducted the last public coup against Sharif in 1999, banishing the latter into the safe arms of the Saudi royalty — if former army chief Ashfaq Kayani hadn't given him safe passage. Sharif distinguished himself by being tossed out of government all three times in his career. And, coming on the eve of its Independence Day, a more depressing fact for Pakistan can be recalled: no government has ever finished a five-year term.

There will be elections in 2018. But nobody, not even in Pakistan, is holding their breath for a rebirth of powerful civilian rule. The army, or an activist judiciary, can overthrow elected governments with impunity, and with terms like 'ameen' (honest) and 'sadiq' (righteous) tossed around, who has a chance? Not Imran Khan. Perhaps not even Shahbaz Sharif.

It's an indication of the relative space Pakistan has in our lives that neither India nor US lost sleep over what happened last week. But China's growing alarm came through. In an unusual statement, Beijing asked Pakistan to concentrate on its economy.

India does not have a Pakistan policy that has any informed strategy driving it. Now our approach to Pakistan is centred on counterterrorism. Think surgical strikes and the terrorist-flushing operations currently underway in Jammu and Kashmir. Tomorrow, it might be something else.

The Trump administration, too, is working out its Pakistan policy, which, from all accounts, may be less indulgent than before. But we will only know if we are woken up by a tweet.

Pakistan's US cushion is getting harder and more lumpy. That leaves Rawalpindi with one comfort zone: China. Its potentially massive investment in the China-Pakistan Economic Corridor (CPEC), a flagship project for Xi Jinping's One Belt, One Road (Obor) initiative, is a lifeline for both countries. Sharif's ouster may have put a shadow on some CPEC projects. But by and large, the Pakistani security establishment will strive to insulate the CPEC's promise from political and economic instability — 'promise' here being the operative word.

In the second half of 2016, Pakistan's exports to China fell by almost 8%, while imports jumped by close to 30%, making the CPEC more about China and less about Pakistan, a fact that has kept Pakistan's private sector from investing meaningfully into it. But the Pakistani army controls its future and its narrative, and economic growth for it means China and the CPEC.

But Pakistan's economic numbers continue to remain grim. Government debt is 66.5% of GDP in 2016; external debt is high at \$75 billion; forex reserves are down to \$21 billion. The International Monetary Fund looms large again because Pakistan has not completed any of the promised tax reforms.



Let Beijing dunk us in liquid nitrogen

China will, therefore, have a greater involvement in Pakistan's affairs and its destiny, particularly if Pakistan is headed south. This could mean a number of things: Pakistan's agriculture sector will produce for China's Xinjiang region, but with lower economic demand, and returns from the huge investment in the power sector will remain low. China has brushed aside security concerns and the Pakistani army will do its damndest to protect the CPEC. So, that's less of a problem right now.

Pakistan's dependence on China will increase exponentially, which will also entail more debt to Chinese banks at usurious rates. Just look at Sri Lanka. At some point, China will have a greater say in Pakistan's foreign affairs, particularly with regard to India, Afghanistan, terrorism, etc. China would probably be happier if Pakistan divests itself of its terror shield, but would not mind India coming under Pakistani terror pressure. That will only perpetuate Pakistan's essential dilemma of keeping the terror factory going against India and Afghanistan, but hoping to insulate itself from it.

India will have less room to manoeuvre if China becomes an integral factor in Pakistan's policy. Should India open channels of communication with the Pakistani army when New Delhi is ready to open dialogue? It's tempting. And perhaps the most pragmatic way to go. China, the US, all go that way.

Would it seem as if we are abandoning the civilian democracy project in Pakistan? It may be a good thing to do. Pakistan could end up as a version of China's North Korea exercise in South Asia, kind of like screen villain Ajit's 'liquid oxygen' punishment: its nuclear weapons would keep it 'alive', but its economy would not let it 'live', and the Inter-Services Intelligence (ISI)-terror establishment would be a permanent cause of worry for India. And China would retain just enough control to make it worth its while.

Citings

Digital China

JONATHAN WOETZEL ET AL

China has one of the most active digital-investment and start-up ecosystems in the world... China is in the top three in the world for venture-capital investment in key types of digital technology, including virtual reality, autonomous vehicles, 3D printing, robotics, drones and artificial intelligence. China is the world's largest e-commerce market, accounting for more than 40% of the value of worldwide e-commerce transactions, up from less than 1% about a decade ago. China has also become a major global force in mobile payments with 11 times the transaction value of the US. One in three of the world's 262 unicorns (startups valued at over \$1 billion) is Chinese, commanding 43% of the global value of these companies.

The sheer scale of China's internet user-base encourages continuous experimentation and enables digital players to achieve economies of scale quickly. In 2016, China had 731 million internet users, more than the European Union and the US combined. Beyond scale, it is the enthusiasm for digital tools among China's consumers that will support growth, facilitate rapid adoption of innovation, and make Chinese digital players and their business models competitive. Nearly one in five internet users in China relies on mobile only, compared with just 5% in the US... China runs a trade deficit in services but a trade surplus in digital services. The country's outbound venture capital totalled \$38 billion between 2014 and 2016.

From "China's Digital Economy: A Leading Global Force"



A Climate for Peace

DAISAKU IKEDA

Even as we prepare to deal with the threat of war and conflict, we need to focus on the equally critical issue of the impact this has on people's hearts and minds. The signal failure of military action to produce a clear prospect for peace has left many feeling suffocated with illusions of powerlessness and dread.

The impasse could be broken through military force or other forms of "hard power". At best, however, such action only results in the symptoms of conflict. To the extent it plants further seeds of hatred in regions already torn by strife, it deepens and entrenches antagonisms.

Those who possess and wield tools of hard power need to practise restraint and cultivate the spirit of self-mastery. This is essential if the exercise of such power is to bring about a result other than to deepen the cycles of hatred and revenge. Simultaneously, I urge a united response by the international community — one that centrally includes the use of soft power.

No efforts will gain people's wholehearted support or succeed in bringing about lasting stability and peace without a spirit of self-mastery based on an acute awareness of the humanity of others — something that I consider to be the very essence of civilisation. It is vital that all reflect on past failings and find a renewed commitment to constructive dialogue. All should join in the search for an approach that constitutes not just symptomatic treatment but fundamental cure. Those in authority need to embody the kind of soft power that can persuade, "co-opt rather than coerce".

Chat Room

Let Bond Come to the Rescue

Apropos "Tilting at the Windmills" by Mythili Bhushnurmath (Aug 7), RBI's rate cut may not give a big push to fresh bank lending and growth. Bankers are wary of lending after the CBI arrested the former chairman of IDBI Bank for its loan to Kingfisher Airlines. The fall in income from fixed deposits will push depositors to invest in other instruments that yield superior returns. This, in turn, will hurt banks that lend to infrastructure projects. A more viable option would be to create a vibrant debt market. The government should remove regulatory hurdles in creating fully liquid deep bond markets.

ASHOK GOSWAMI
Chennai

The Thinking, and Innovation

'Here, Startups are Really Start-ups' by Ambti Parameswaran (Aug 5) holds important lessons for Indian startups. The Indian mindset needs to incorporate 'failure', 'innovation' and 'change' as a part of business trajectory. With the manufacturing index slumping and the e-commerce market struggling in a saturated space, Indian startups in the technology ecosystem can provide a fresh impetus, if nurtured properly. Government, angel investors and venture capitalists should act as facilitators to promote them. The market has sufficient depth to allow the second-best to coexist with startups with the first-mover advantage.

MOLISHREE
Byemail

Fidelity to All the Husbands

Apropos the Edit, 'A Humorous Marriage of Wit and Pertinence' (Aug 4), you missed the best 'Taylor-ed wisdom of the former diva. "I have always been faithful to my husbands." Evidently, when infidelity called, all you had to do was change the husband. Perhaps history should label her husbands as Elizabeth I, II and so on till VIII. Henry VIII could, however, only reach VI.

TR RAMASWAMI
Mumbai

Letters to the editor may be addressed to editet@timesgroup.com