



## Number theory

The larger lessons from the GDP back series must not be clouded by a political slugfest

Backcasting, or reworking past national accounts statistics based on the latest base year, is a regular exercise that governments carry out. Mainly done to enable precise comparison and analysis, it is a difficult exercise prone to contestation as it involves the inclusion of newer data sources, exclusion of outdated ones and making some subjective assumptions in the process. Throw in the political element, and GDP backcasting can become a controversial exercise, as it has now become in the case of the release of back series data from 2005-06 to 2011-12, the new base year. The data computed by the Central Statistics Office (CSO) and released by the Niti Aayog show that India never really grew in double-digits in 2010-11, nor was it the high-growth economy in the five years preceding this as earlier thought to be. It so happens that this period covers the two terms of the Congress-led United Progressive Alliance government, and the new data have predictably set off a political storm. The Congress may feel aggrieved as its biggest achievement, of taking India on the high GDP growth path, has come under question. During earlier instances of backcasting of GDP data, the political environment was not as deeply polarised as it is now, and so the exercise remained more academic.

The danger in the political slugfest now is that the many valuable insights that can be gleaned from the data will be lost sight of. The biggest of these is that India never really decoupled from the global economy during the years of the financial crisis (2008-10), unlike what was earlier believed. The new back series data show a much lower growth rate. This is an important learning for policymakers, going forward. Any criticism of the data has to take into account the fact that it has been generated by a thoroughly professional organisation, the CSO, and the methods have been scrutinised by experts, including past chief statisticians, and the Advisory Committee on National Accounts Statistics. Certainly, the release of the back series by the Niti Aayog goes against convention and is bad in optics. But this should not be reason to contest its integrity. The method of computation reflects the latest United Nations System of National Accounts; it also captures changes in the economy since 2004-05. Data sources have also been updated. Experts had testified to the robustness of the method when it was introduced in 2015, even while underlining that the availability of reliable data was crucial to arrive at the correct overall picture. There is little doubt that India needs to invest more in data collection and integration and do informal sector surveys more frequently. Robust, updated data are, in fact, insurance against politicians hijacking what is essentially an economic exercise.

## Cool it

Increased exposure to heatwaves needs a policy response, nationally and globally

The staggering loss of an estimated 153 billion hours of labour during 2017 due to rising temperatures around the globe is a reminder to governments that they are not doing enough to dramatically curb greenhouse gas emissions. The *Lancet* countdown on health and climate has reported that India was particularly affected by the rising frequency of heatwave events and lost about 75 billion hours of work, a significant part of it in the agricultural sector. This has worrying implications for rural employment and the well-being of a large section of the population that depends on farming. At stake for all countries in the developing world is the health of millions, many of them already vulnerable to extreme weather events. Coming on the eve of the UN climate conference in Katowice, Poland, the report of the *Lancet* panel for 2018 brings clarity, placing connected issues in perspective for governmental action. It is vital that India gets more ambitious about cutting back on carbon emissions, even as it presses for the fulfilment of the climate finance obligations of developed countries under the Paris Agreement of the UN Framework Convention on Climate Change. A further reduction in the share of coal in the energy mix through sustained support for renewable energy, particularly solar photovoltaics, must form the cornerstone of national policy. This must be matched by a shift away from use of fossil fuels for transport, and the induction of more electric vehicles. Such a policy would yield the parallel benefit of improving air quality; ambient air pollution led to the premature death of an estimated half a million people in India in 2015.

The consensus on climate change is that it has begun to affect the intensity and frequency of extreme weather events. India's approach to adaptation should, therefore, prepare for catastrophes with a well-considered plan to provide relief and rehabilitation. If the Centre and State governments can arrive at a consensus on the strong climate link to the excessive rain in Kerala and Cyclone Gaja in Tamil Nadu, for instance, a case could be made for climate funds under the Paris Agreement. Such a claim has to be supported by a perspective plan that identifies vulnerable regions and communities, and incorporates transparent systems for funds utilisation. The importance of funds for adaptation is underscored by *Lancet's* finding that 99% of losses from climate-related events in low-income countries were not insured. From a public health perspective, the report sounds a warning that rising temperatures will enable the dengue virus and malaria to spread farther and faster. This is also true of some other infections. The aggravated impact of climate change on health is a serious issue for policymakers to consider when they gather in Katowice for the conference on December 2.

# The case for a progressive international

Only a global alliance can reshape the regulatory regime to make it more democratic



GAUTAM BHATIA

Earlier this year, it was revealed that India is facing legal claims from international investors in as many as 23 arbitration cases, before various tribunals. These claims, worth billions of dollars, arise out of bilateral investment treaties between India and other states. One striking feature of such treaties is that they allow international investors (primarily MNCs) to initiate a dispute directly in an international tribunal, bypassing the state's own constitutional system and its courts. Often, the disputes revolve around measures that were triggered by public health emergencies, economic crises or other matters directly involving public welfare – which would therefore be permissible under the Constitution, but which a corporation believes have negatively impacted its financial interests.

### Transnational issues

This reveals an important truth about the contemporary, globalised world: issues that were earlier resolved within a sovereign state in accordance with its constitutional system have now acquired a transnational character. There are other contemporary examples: because of its attempts to make essential medicines affordable through amendments to its Patent Act, India has come under pressure from the U.S. and the European Union (at the behest of prominent pharmaceutical companies), while finding support and emulation in countries like South Africa and Thailand. Indeed, in 2011, the EU seized shipments of life-saving Indian drugs that were being transported to Africa and Latin America, on the basis that it could apply its more restrictive patent and customs laws to goods in transit through its territory.

Clearly, while global problems cannot be solved without nation-states, nation-states cannot solve their problems on their own. India's battle to preserve affordable access to medicines is part of a larger struggle, where participation in the global intellectual property regime has severely constrained the ability of countries to respond to public health crises. Whatever a country's Constitution may say about the right to life and the right to health for its citizens, it will still be dragged before an international tribunal if it attempts to forestall or mitigate a public health crisis by lifting patent restrictions upon, for example, a life-saving drug. The point is not only about who finally succeeds in litigation – rather, it is that the final decision is taken by a set of individuals who are beyond the structures of accountability that are established in democratic and constitutional states.

As pointed out above, the transnational character of these issues suggests that the response cannot succeed if it is unilateral. In the latest version of the model bilateral investment treaty drafted by India, for example, the scope of investor-state dispute settlement by international tribunals has been curtailed. But it takes many to tango: until the perils of bypassing national constitutional systems are accepted more broadly, individual attempts will fall short.

The issues are not limited to conflicts before international forums. Recent months have seen clashes between national regulatory authorities and the corporations that drive the new “gig economy”, such as Uber. In October, Uber and Ola drivers in Mumbai called for an indefinite strike over low pay, after a similar strike in Delhi earlier. In the U.K., the EU and various States in the U.S., there has been protracted and bitter litigation over the legal obligations that Uber owes to its drivers. The conflict may take different forms in different countries, but each time there are striking similarities, stemming from Uber's business model, which is transnational in character. And, like in the case of investment treaties, it is often difficult for one country to tackle the problem alone – especially when the corporation is global in character, and can issue a credible threat of withdrawing substantial levels of investment. Nor is worker power, as long as it is confined within borders, and not transnationalised, sufficient to combat the power of MNCs.



AFP

The central insight of DIEM25 – one of whose co-founders, Yanis Varoufakis (in photo), was Greece's Finance Minister during the debt crisis – is precisely that today a progressive movement oriented towards social justice and fundamental rights cannot succeed if it is constrained within national borders. Many of the fundamental decisions that shape national policy (with wide-ranging consequences) are simply beyond the ken of nation-states themselves. For this reason, DIEM25 identifies as “pan-European”, and isolates a range of issues “currently left in the hands of national governments powerless to act upon them” – including public debt, banking, inadequate investment, migration, and rising poverty. In its manifesto, DIEM25 returns these issues to democratic control, but also acknowledges that the solutions needed to achieve this can only come from transnational action.

Another important insight of the DIEM25 manifesto is that the world today is based on “the reduction of all political relations into relations of power masquerading as merely technical decisions.” For example, what steps a country like India must take to ensure the availability of life-saving drugs (and not only during a public health crisis) is a decision that must be taken democratically and politically, within the constitutional framework. At present, however, it always remains ultimately subject to a “technical decision” (potentially taken by an international tribunal) about whether India has breached its obligations under an international intellectual property rights treaty regime.

### The example of DIEM25

It is always helpful to look elsewhere, to see how people in other parts of the world have attempted to engage with such issues. A recent example is that of the Democracy in Europe Movement 25. DIEM25 arose after the debt crisis in Greece had resulted in a wide-ranging “structural adjustment programme” imposed upon that country by the European Commission, the European Central Bank, and the International Monetary Fund (or “the troika”). This included severe austerity measures (including cuts to public funding, re-

sulting in mass unemployment) and widespread privatisation, in direct contravention of the publicly expressed will of the people, through both elections and a public referendum.

What needs to be done is to reshape that regime to make it more democratic, an effort that, by its very nature, cannot be undertaken by a single country. The focus on democracy is particularly important with respect to a third issue: the increasing role of technology in our daily lives. This debate has come to the fore recently, with the long-running conflict over Aadhaar, and the draft DNA Profiling Bill. The relationship between technology and human freedoms will be vital in the future. It is therefore particularly interesting that, through the evolving concept of “technological sovereignty”, DIEM25 has drawn a specific link between technology and democracy, which can help us think through contemporary issues such as platform monopolies, the ubiquity of AI in public decision-making (including on public welfare), etc.

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### An international new deal

In September, writing for *The Guardian*, U.S. politician Bernie Sanders called for a “progressive international”: “an international progressive movement that mobilizes behind a vision of shared prosperity, security and dignity for all people, and that addresses the massive global inequality that exists, not only in wealth but in political power.” Mr. Varoufakis responded to this by calling for an “international new deal”. Movements such as DIEM25, which have sprung up in various parts of the world, serve as potential blueprints and models for what a “progressive international” may look like. It is a conversation that progressive movements in India must take heed of, and engage with, if we are to adequately address the transnational problems that face us today.

Gautam Bhatia is a Delhi-based lawyer

## Walking the tightrope

India must remain hyper-alert on the U.S. waiver on Iranian oil imports and Chabahar



ANITA INDER SINGH

The six-month waiver on sanctions granted by the U.S. to India and seven other countries importing oil from Iran highlights the importance of economic factors in the India-U.S. strategic partnership. The exemption also puts the spotlight on the link between economics and strategy.

### No special treatment

The waiver gives India a breathing space of sorts and will help maintain India-U.S. ties on an even keel. But the U.S. has not given any special treatment to India. China, India's main Asian competitor and perceived by the U.S. as its main security threat, has also been granted a waiver. President Donald Trump's explanation is that he is going slow on sanctions with the intent of avoiding a shock rise in global oil prices.

The waiver shows that Washington and New Delhi will cooperate on India's oil and gas needs. Indeed, their Strategic Energy Partnership (April 2018) sees energy cooperation serving “as a center-

piece in the bilateral relationship”. This is because the U.S. believes that it is the world's leading producer of oil and gas. The U.S. National Security Strategy of November 2017 highlighted the importance of “energy dominance – America's central position in the global energy system as a leading producer, consumer, and innovator”. India should entertain no illusions about the Trump administration's wish that it should open up as a key energy market for the U.S. Indeed, since Mr. Trump became President last January oil exports from the U.S. to India have risen. In 2017, India imported 8 million barrels of American crude. Until this July it had imported more than 15 million barrels of U.S. crude.

But boasts about America's energy dominance ignore the interdependent nature of today's global energy market, and of relations between states. Unsurprisingly, India needs the help of both the U.S. and Iran. The U.S. is India's main strategic partner. Indeed, American naval power is indispensable for preserving maritime freedom and security in the Indian Ocean and the South China Sea.

### Ties with Iran

At the same time, friendly ties with



KALANTARI, CHABAHAR, REUTERS

a politically stable Iran undoubtedly suit India. But the strengthening of commercial and political ties with Iran has been an uphill climb. In 2009, the International Atomic Energy Agency demanded that Iran stop uranium enrichment. India made it clear that it did not support Iran's nuclear weapons ambitions and voted against it.

At another level, India has had a bilateral trade deficit with Iran over many years. In 2017 it was \$8.5 billion. India's offer to pay for oil in rupees is unattractive to Iran. Tehran does not want to buy enough Indian goods to make acceptance of rupee payment for its oil worthwhile. But the use of any currency other than the U.S. dollar would mean that a cash-strapped Iran must extend more credit to India. The two countries must find a way

out of this conundrum.

On the security front, India's cooperation with Iran has to be seen against the broader context of its regional rivalries with Pakistan and China. India and Iran share regional interests. They could build a strategic partnership focussing on Afghanistan, Central Asia and West Asia. Together with Russia and some other countries, they are signatories to the International North-South Transport Corridor (INSTC) agreement, using Iran as the trade route to Russia and northern Europe. INSTC transit routes enable India to bypass a hostile Pakistan by exporting goods via the sea.

That is why India has been developing the Chabahar port in southern Iran in a strategic bid to connect to Central Asia through Iran and Afghanistan. Chabahar provides war-torn Afghanistan a crucial link to Indian goods and Iranian oil. In December 2017, India made its first shipment of wheat to Afghanistan via the port.

Realising the advantage of India developing Chabahar, the U.S. has also exempted India from certain sanctions so that it can make progress on the port. The sanctions relief for the port is motivated by a mix of politics and economics. Washington sees Chabahar's utility in development and humanitar-

ian relief work in Afghanistan. The U.S. is also aware that China has a stake in developing Chabahar port and could easily replace India if the latter were unable to maintain its foothold there.

On its part, Iran is keenly interested in building the port. Control over Chabahar could put the ace card in its hands as it deals with the competition between China, India and Russia in South and Central Asia.

Admittedly, India remains opposed to Iran's alleged efforts to acquire nuclear weapon capability. A nuclear Iran would disrupt the balance of power across West and Central Asia, with serious consequences for India's economic and strategic interests. But a stronger relationship with Iran would increase India's influence in West and Central Asia. That could help to counter China. And a friendly U.S. could then approach Iran on nuclear issues through India's good offices.

Despite Mr. Trump's propensity for springing unpleasant surprises, India has, so far, walked the U.S.-Iran strategy-economics tightrope. It has a good chance of remaining on the tightrope.

Anita Inder Singh is Founding Professor, Centre for Peace and Conflict Resolution in New Delhi

## LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

### A new beginning

While the Kartarpur corridor is a welcome move, the ceremony was marred by the raking up of the Kashmir issue (“Kashmir the single issue, says Imran,” Nov. 29). It is unfortunate that the Pakistan Prime Minister talks about dialogue for peace on the one hand, but is silent on cross-border terrorism on the other. This comes days after the 10th anniversary of the Mumbai attacks. Hafiz Saeed continues to roam free in Pakistan. In a situation like this, how can there be dialogue for peace?

D. SETHURAMAN,  
Chennai

There have been numerous attempts to improve the India-Pakistan relationship

such as the Shimla Agreement, the Agra Summit, the Lahore Declaration and the Samjhauta Express, but there has been no significant improvement. Imran Khan says we need “determined leadership” on both sides to settle the Kashmir issue. This shows that he is keen on improving relations with India. I hope he realises that Pakistan should also show determination to stop terror activities against India.

MUHAMMAD TARIQUE,  
Secunderabad

Mr. Khan is wrong in assuming that ties between India and Pakistan will be normalised once the Kashmir issue is settled. Even if the issue is resolved,

Pakistan is certain to come up with some other issue to keep its tensions with India alive. It is in the interest of Pakistan's military to keep relations with India tense as it helps it appropriate a major portion of the country's budget for procuring weapons. The country's security establishment sees India as an existential threat to it, and this has dominated its thinking and policymaking so far.

M.P. MURALIDHARAN,  
Bengaluru

### Web check-in fee

That two major airline operators have decided to levy a fee for web check-in only shows that they are in some financial crisis (“Aviation Ministry wants airlines to drop web check-

in fee,” Nov. 29). A serious concern is that there will be longer queues in airports if such a fee is levied. Given the road traffic these days, this could lead to big hassles at the airport. It is better that the decision is recalled.

V. LAKSHMANAN,  
Tirupur

### Growth of ‘The Hindu’

It is heartening to note that your newspaper has shown such progress in circulation (“Numbers don't lie,” Nov. 28). But I'd like to know why there are such fluctuations in price. In Bengaluru, the paper costs ₹5 on weekdays, but in some towns it costs as much as ₹12. Your major revenue is obviously commercial advertising. Isn't it reasonable therefore

to not raise the price in towns where the average income is lower than that of people in the metros?

M.K. SUBBIAH,  
Bengaluru

At a time when the print media has been yielding considerable ground to online publications, it is heartening to hear that *The Hindu* has been bucking the trend and registering excellent growth in circulation figures in the last six months. This has been made possible largely due to the high standards of journalism that the paper sets for itself.

C.V. ARAVIND,  
Chennai

### Leave them alone

Part of the blame for the death of John Allen Chau

seems to be in the dilution of the Restricted Area Permit for 29 islands (“Protect indigenous people,” Nov. 28). An obsession with infrastructural development and tourism bodes ill for the survival of the indigenous people. Indeed, the history of colonial occupation of lands belonging to indigenous people all over the world is a tragic and brutal saga of exploitation, even when it has come under the guise of material benevolence. Many such communities are on the verge of extinction. It is imperative that the government protects them.

FIROZ AHMAD,  
Delhi

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