LOK SAMVAD

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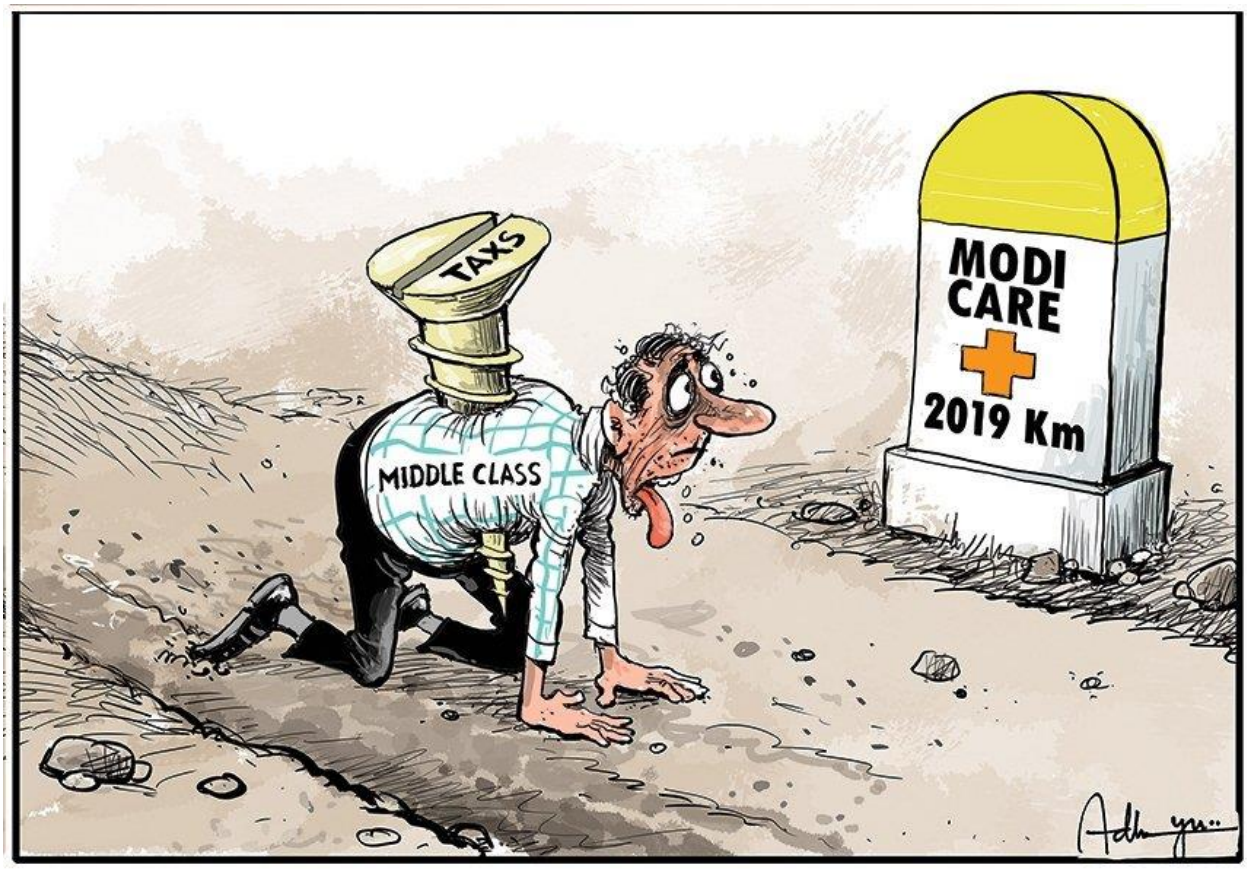

The Edit

Modicare: Peoples' *mukti* was never so cheap!

Budget is essentially a financial exercise with a little tinge of political messaging. The ritual this year was different. Finance Minister Arun Jaitley made captivating announcements with catchy slogans like “ease of living”, “minimum government and maximum governance”, “premium on honesty”, “blackboard to digital board” and “the new India”. It seemed to be a typical ''Modified'' presentattion unmindful of the ground realities. In exuberance, the government officials termed “Ayushman Bharat Programme” as “Modicare” — and touted it as the largest public healthcare programme globally. Typical of this government, the scheme came out to be tall on claims and short on details.

Only Rs 2,000 crore has been provided for the grand plan in the Budget, but that has not stopped apologists claiming it to be a game-changer, while detractors are calling it another *jumla* (empty statement). And, yet, no political party would dare to oppose a scheme that promises much-needed healthcare to our poorest people. Will Modicare work and be a game-changer?

Over the past four years, the Narendra Modi government has demonstrated its ability to ram through big and audacious programmes but has fallen far short on implementation. Demonetisation and the Goods and Services Tax (GST), with its many glitches and frequent change in rules, caused immense hardship and anger by treating people like guinea pigs. The government adamantly refuses to admit to any flaws in the mega unique identification programme (Aadhaar), despite sickening reports of denial of benefits and rights, data leaks and faulty implementation every other day.

When it comes to Modicare, puffery and media management is giving us different signals. On the one hand, an interview by Union health minister, JP Nadda, to The Economic Times suggests that the scheme is still being designed and will evolve over the next six months or longer. In complete contrast to what the health minister has said, Firstpost.com claims that a 28-page report titled “Universal Access and Quality” was prepared by top bureaucrats, way back in 2016, under the direct supervision of the prime minister. Why then is the health minister saying that the scheme is still being formulated, two years later? Writing for the Scroll, T Sundaraman, a healthcare expert, points out that a smaller version of Modicare “was, in fact, announced in the 2016 Budget—the only difference being that the sum assured was raised from Rs 30,000 to Rs 1.5 lakh then and to Rs 5 lakh now. The scheme has not been operationalised in the last two years. Moreover, not even 50% of the funds under the existing health cover scheme have been spent in the past year.”

Leave all the intricacies, Modicare in nutshell promises a paradise that could be attained only after life. The Modi government remains true to its regressiveBrahmanical spirit by treating human life and ailments as *mithya* while promising *mukti* after death at just Rs. 40 per capita (going by the allocated amount and targeted coverage)! Nowhere citizens are fooled to this extent except India. Never has been the liberty so cheap in mankind's history.

BUDGET 2018-19: A Neoliberal Blueprint

Finance minister Arun Jaitley presented the union budget 2018-19 in Lok Sabha on February 1 as a budget for 'generation of employment, health protection of country's 50 crore vulnerable people and huge relief to farmers'. The opposition dubbed it as an election 'jumla'.

BUDGET OF NEOLIBERAL REFORMS

No doubt, the finance minister's budget speech was ordained for the next Lok Sabha elections, by carefully choosing words for election propaganda. But, the union budget 2018-19 is also a blueprint for big-ticket neoliberal reforms under the guise of popular issues; and is a step forward for attaining a unitary market for the corporates, which weakens federalism.

After self-praise for achieving a high rank in the World Bank's report for 'ease of doing business'; this budget is said to be aimed at providing 'ease of living for common men'. The circulated copy of Arun Jaitley's speech has a misprint. In the place of 'ease of living', it is printed as 'ease of leaving'. Aptly so; because in the big push for neoliberal labour reforms in favour of the corporates, the budget outlines the 'ease of leaving' employment.

INTRODUCTION OF 'FIXED TERM EMPLOYMENT' IN ORGANISED SECTOR

The budget speech claimed creation of 70 lakh 'formal jobs' this year on the basis of steps already taken by the Modi government during the last three years. And it is stated that, "to carry forward this momentum" of creating more 'formal jobs', the budget proposes introduction of 'fixed term employment in all sectors."

To prepare ground for this budget proposal, a gazette notification was issued on January 8, 2018 on a draft of amendment to the Industrial Employment (Standing Order) Central Rules, proposing the introduction of 'fixed term employment in all sectors' and gave a 30-day public notice.

This proposal of 'fixed term employment in all sectors' has an added proposal, which is that the government would provide financial incentives to the employers by paying an amount equivalent to 12 per cent of wage of each new employee for three years as EPF contribution.

These two combined proposals give a clear message to the corporates that 'regular employment' till retirement age be replaced by recruitment of 'fixed term employment' for three years in all sectors of industries and services; and for this the government will give financial incentives. This is the model of employment generation designed by the Modi government.

The union labour minister has called for a tripartite meeting of the government, employers' organisations and trade unions on February 15 to discuss this issue of 'fixed term employment in all sectors'. All the ten central trade unions, except RSS-affiliated BMS, submitted a joint memorandum to the labour minister and walked out of the meeting rejecting the government's proposal of 'fixed term employment in all sectors' on merits and for making this meeting only a formality as the issue was already introduced in the parliament through the budget.

After a massive agitation in the apparel industry in Bangalore, mainly by women workers on the EPF issue, the government introduced, for the first time, 'fixed term employment' in apparel and footwear industries. Opposed by the trade unions at that time, the government clarified that the apparel and footwear industries are seasonal in nature, the employment is 'casual' and the industries are unorganised. Now, the government is extending it in all sectors including the organised sector employing regular employees in permanent employment. The Economic Times dated February 2 headlined this news item as "Hire & Fire: A Boost for Job Creation."

PRIVATISATION OF HEALTHCARE SERVICES

The budget speech announced two healthcare programmes as Modi government's "flagship" programmes.

One is a proposal, with allotment of a measly Rs 1200 crores to 1.5 lakh primary health units across the country, renamed as "Health and Wellness Centres" (HWC); to take comprehensive healthcare and "provide free essential drugs and diagnostic services" to a vast number of our people!

Who will supply these essential drugs through the HWCs? The budget speech says, "More than 800 medicines are being sold at lower prices through more than 3 thousand Jan Aushadhi Centres." 'Jan Aushadhi Stores' were established by the earlier Manmohan Singh government in 2008 creating the 'Bureau of Pharma PSUs of India' (BPPI) in 2008 consisting of the Department of Pharmaceuticals and five public sector drug companies – Indian Drugs and Pharmaceuticals Ltd (IDPL), Hindustan Antibiotics Ltd (HAL), Bengal Chemical and Pharmaceuticals Ltd (BCPL), Karnataka Antibiotics and Pharmaceuticals Ltd (KAPL) and Rajasthan Drugs and Pharmaceuticals Ltd (RDPL) – with its headquarters at IDPL office in Gurgaon and was registered under 'Societies' Act in 2010 for "supply, fixing prices and monitoring sale of generic drugs through the network of Jan Aushadhi Stores". Modi government's Health Policy 2017 states, "Public sector capacity in manufacture of certain essential drugs and vaccines is also essential in the long term for the health security of the country." But, the same Modi government has already declared an outright sale of all these pharmaceutical PSUs. Hence, the budget proposal of supply of free medicines is for the expansion of private sector medicine market through the proposed 1.5 lakh HWCs.

The other proposal is “National Health Protection Scheme” (NHPS) providing 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) with insurance coverage of upto Rs 5 lakh per family for “secondary and tertiary hospitalisation”.

Criticism of the NHPS proposal centered round, ‘where is the money’ for the scheme. The budget speech only said, “Adequate funds will be provided for smooth implementation of this programme.” Depending on 1-3 per cent rate of insurance premium, the scheme would require Rs 50,000 – Rs 1.5 lakh crore annually, former finance minister Chidambaram calculated and tried to ridicule the scheme as non-implementable.

But, underestimating the Modi government’s resolve to privatise the healthcare services will be wrong. Both the proposals – for primary and for secondary and tertiary healthcare – have a common objective of privatisation and a countrywide integration of the entire healthcare services, subsuming the existing healthcare schemes in the states and sharing fund allotment at 60:40 ratio. Former union secretary of the ministry of health and family welfare, Sujatha Rao has aptly said, “The NHPS, however, raises a more important issue: The decisive redefinition of the role of the state from being a service provider to a financier.” (India Express, February 13, 2018). Financing whom? - Of course the corporate hospitals and private insurance companies. “This will be a big boost for us. The current insurance schemes were unviable, but with the increase in cover, I think we will see a growth in our state-sponsored scheme patients, said Suneeta Reddy, MD, Apollo Hospital Enterprise,” reported Economic Times on February 2, 2018.

Data released by the Department of Industrial Policy and Promotion (DIPP) shows that the hospital and diagnostic centres attracted FDI worth US$4.83 billion during 2000-17. According to National Family Health Survey-3, the private medical sector remains the primary source of healthcare for 70 per cent of households in urban areas and 63 per cent of households in rural areas. This burgeoning private sector hospitals having substantial FDI must have a growing market. At the same time, high out of pocket costs for private healthcare has led many households to incur catastrophic health expenditure. This also must be addressed to an extent. NHPS is meant for that.

Seeking new investment, the government had relaxed FDI norms in 2016 in insurance sector permitting 49 per cent FDI though automatic route. Further, public sector New India Assurance Co Ltd and General Insurance Corporation of India were listed for disinvestment in 2017. This year’s budget proposed merger of three insurance companies – National Insurance Co. Ltd, United India Assurance Company Ltd and Oriental India Insurance Company Ltd and – and their subsequent disinvestment.

The Manmohan Singh government had already allowed 100 per cent FDI through an automatic route in the Greenfield projects (new ventures) and, under approval by FIPB (Foreign Investment Promotion Board) in Brownfield projects (existing companies). The foreign drug companies that had left India during the pre-neoliberal/early neoliberal stage, have started coming back through FDI's Brownfield route. To facilitate the process of Indian companies' take-over by the drug MNCs, the Modi government has taken one more step by allowing up to 74 per cent of FDI in Brownfield projects in pharmaceuticals through the automatic route.

A disciplined, integrated and pan India market has to be provided for this troika of corporates in hospital, insurance and medicine producing business with substantial foreign capital. NHPS is meant for that, not for this financial year alone, but for perpetuity. Don't just ask 'where is the money'. It is neoliberal.

There are other areas having such neoliberal blueprint in this budget.

(Courtesy: Peoples Democracy)

Where is the money, Mr. Jaitley?

Jayati Ghosh

This government is especially good at optics, at managing public perceptions to persuade people that it is working for them, rather than doing so. So it is no surprise that Arun Jaitley's pre-election budget speech went on about how much his government cares for the people, the poor, for farmers, for women, for people running small and micro enterprises, and so on. Many major claims were made: Not just about the recent past, but about the coming fiscal year, with supposedly massive increases in public spending that would be directed towards these hitherto-ignored categories of people.

But the actual increases in budgetary outlay are shockingly low in relation to the massive promises made. This is deeply worrying, not just because of the government's public declarations, but because the Indian economy now desperately needs major measures to ensure a sustainable revival of economic activity that would benefit the bulk of the people.

Even the Economic Survey accepted many current concerns about the Indian economy, albeit in a guarded and nuanced fashion. Much of the recent GDP growth reflects a bubble, including in the stock market, rather than real improvements in living conditions — and we all know that bubbles burst. The rural economy is in distress, to the point that the finance minister promised that this budget would be all about farmers as well as supporting both crop and non-crop rural incomes.

The lack of good quality jobs and the poor quality of health and education provision just at a time when the country should be experiencing the fruits of a demographic dividend is not just an economic problem: It threatens social and political disruptions on a large scale. Informal activities are yet to recover from the double blows dealt by demonetisation and the poor implementation of GST, and the associated lack of effective demand has afflicted formal activities as well.

This is a context that cries out for more public expenditure on various fronts — not just in basic physical infrastructure that affects people, but also in spending that ensures proper public provision of food, health, sanitation and education. This cannot be done by talk alone: The Central government has to allocate the resources for it. But here's the thing: The more the finance minister talked about something, the less money was actually allocated for it!

So the total Central government expenditure next year is budgeted to increase by 10 per cent — less than the projected increase in nominal GDP of 11 per cent! This cannot provide a macroeconomic stimulus as required. In an overall context of relatively depressed demand, if the government does not increase its spending, there is little impetus for either consumption based on wage incomes or investment to pick up. And this has knock-on effects on employment, especially in informal activities.

But the government persists in talk rather than action, as reflected in individual items that were announced with much fanfare. There was a grand declaration of a new publicly funded health insurance scheme that is supposed to cover nearly half the population with total potential

payout of Rs 5 lakh per family per year. Just the premia for this would amount to a minimum of Rs 60,000 crore and could easily reach Rs 1,00,000 crore. But the actual budgetary allocation for the Rashtriya Swasthya Bima Yojana comes to less than Rs 2,000 crore — only Rs 672 crore more than the amount in last year's budget (which incidentally was not spent). So where is the rest of the money to come from?

Similarly, the "farmer-oriented budget" has hardly given more money to agriculture as a whole — only 11.5 per cent relative to last year's allocation, once again just about keeping pace with nominal GDP. Agriculturalists are being promised procurement prices 50 per cent higher than the cost of production for the kharif harvest. But this cuts little ice with farmers, since they are being told that they have already got this benefit in the rabi harvest, even as farmers across the country are protesting that these prices do not even cover costs.

There was a lot of talk about women in the Economic Survey and in the Budget Speech — but aside from a small concession with respect to Employee Provident Fund contributions and some claims that they would benefit from more MUDRA loans, there is nothing for them. So really, the government seems to be hoping that it can fool the people into thinking that the government is doing a lot for them, even as it does next to nothing.

The sheer audacity of this approach is astounding. It suggests that the strategy comes from the Prime Minister's Office rather than the Ministry of Finance. The confidence that window-dressing can be a politically effective substitute for actually addressing a problem has become a hallmark of the Modi regime.

(Courtesy: The Indian Express)

The Debate: Indian Middle Class

The myth of the Indian 'New Middle Class'

ASIYA ISLAM / Opendemocracy

At the World Economic Forum in Davos, the Indian Prime Minister Narendra Modi was welcomed by a big turnout at the plenary session and introduced by WEF founder, Klaus Schwab, as the leader of a country that is the "bright image of dynamism, of optimism". For his part, Modi spoke of a vision of shared future that overcomes the fault lines of inequality, poverty, unemployment, and lack of opportunities.

Ahead of the visit, Modi encouraged the presentation of India as the centre of attraction for the entire world. Closely on the heels of Modi's platforming of India as a rising global force, NITI Aayog (National Institution for Transforming India, ironically headed by Modi) published a report on severe underemployment in the country, the Annual Status of Education Report (ASER) 2017 published findings on the failures of various programmes for education and vocational training of Indian youth, and the World Bank released data showing that the richest 1% in India now own 73% of its wealth. In short, not the best prospects for India.

Modi, on the other hand, continues to insist, "If someone opens a 'pakoda' [fried snacks] shop in front of your office, does that not count as employment? The person's daily earning of Rs 200 will never come into any books or accounts. The truth is massive people are being employed." PM Modi's celebration of informal and precarious work as gainful employment is rightly being criticised. But what of the much-touted formal jobs generated as a result of encouraging foreign direct investment and privatisation post-1990?

Pakoda employment

Unfortunately, the conditions of pakoda employment – informal, underpaid and precarious employment – are not limited to selling snacks and chai on the street side. As much as Modi would like to insist on India's growth story, these conditions characterise the majority of employment in the country, including formal employment in services, the biggest sector of the Indian economy and the fastest growing service sector in the world.

The numbers that demonstrate the success of the deregulation of the Indian economy – high GDP growth rate, increasing per capita income, rapid growth of services – carefully mask the exploitation and everyday struggles of common people, even those privileged enough to be employed.

The idea that privatisation and foreign investment in the market has led to a surge of employment opportunities for the youth, particularly women, is popular (because if there are any bastions of women's empowerment, they're American multi-nationals, right?!) Perhaps the popularity of this idea is not so surprising. Dressed smartly in uniforms, young professional women in the gleaming malls and cafes of Indian cities may give an impression of upward mobility. But the smiles, the English greetings, and the lattes cover up conditions that are not so dissimilar from the informal self-employment that Modi speaks of as gainful employment.

This hidden-away reality became obvious as I conducted research with young women workers in cafes and malls in affluent South Delhi in 2017. On an average, these young women earn Rs.8000 (USD 125) per month; income that their families heavily rely upon for everyday living expenses. To earn this salary, all of them work overtime, which they are never compensated for, often seven days a week, rather than their contractual 6 days a week. And even if calculated for just 25 days of work per month, their wages do not meet the minimum wage for the state of Delhi.

Trapped

Early in 2017, the ruling Aam Aadmi Party (AAP) in Delhi increased the minimum wage by approximately one-third to Rs.13,350 (USD 210), Rs.14,968 (USD 235), and Rs.16,182 (USD 254) for unskilled, semi-skilled, and skilled workers respectively. Commenting on the employers' plea against this move, the Delhi High Court noted – "Is it possible to sustain an individual on Rs 13,000? Average cost of commute for an individual per day is around Rs 100 which comes to Rs 3,000 in a month. Where do you eat? One has to eat. That would also cost Rs 50 per day. The amount of Rs 13,000 is too little. It's inadequate."

These workers' emotional labour, which is far from acknowledged, hides their utter physical exhaustion, which is often made visible on the swollen feet that have to get a night's rest before starting all over again the next day. The limits of their earnings are made manifest in their inability to use the metro because the maximum fare has now been increased to Rs.60 (USD 1), in the impossibility of getting their degree certificates because they still haven't paid the full fees, and in their negotiations with landlords for leeway in payment of rent on their Rs.5000 (USD 78) per month one-bedroom flats. And these are conditions that these workers cannot think of escaping since alternatives are few and far in between.

As the Prime Minister's image appears on Reliance Jio advertisements across the country offering low cost data services, young people get access to smartphones and 4G sims, but not to good quality education, housing, or infrastructure. Much as we'd like to believe, and the government would like us to believe, that these one-off purchases are signs of an upwardly mobile new middle class, reality counters this presumption. They are, rather, families caught in a spiral of working class conditions in jobs pretending to be middle class with their requirement for degrees and skills training.

Formal employment

The government's investment in employability training for youth is not matched by the creation of secure and fairly paid work. Many complain about being trained in computers and English speaking at low-cost government centres or NGOs, only to end up in work that does not require these skills at all. As one of my research respondents put it, "They ask for education, BA, MA…but they're not willing to spend the money, that's the government. They put suits and ties on workers but if you ask them, you find out how bad their financial situations are."

It is then no surprise that these young women, as well as men in their families, express a desire for 'government jobs', even preparing to sit exams while working seven days a week. In 2015, 2.5 million people applied for 600 Class IV government jobs in the state of Uttar Pradesh. The cry for government jobs may be dismissed as a historical affliction or just nostalgia but it is actually indicative of the lack of secure employment that can offer stability. A Class IV government job (lowest category of permanent employment) would pay twice the salary that my research respondents currently earn, with nothing to say of access to job security, provident fund, and pension.

While informal employment is often considered to be the problem marring India (and rightly so), we also need to pay more attention to the conditions of formal employment that the country is generating and hopes to generate more of in the future. It needs to be reiterated that the underpayment, exploitation, and precariousness that young women workers have described characterise jobs that are actually on the better end of the employment situation in the country. These jobs would be categorised as formal, regular, salaried employment but the experience is far removed from that categorisation.

As underemployment and exploitation pervade the vast majority of employment opportunities in the country, including in emerging gleaming globalised urban spaces, one needs to ask – what kind of economic and social future are we looking towards? The need for sustainable, secure, and fairly paid work is urgent. Rather than touting informal and poorly paid formal work as gainful employment, the government needs to consider India's longterm social and economic prospects for the disgruntled majority of its population.

(Asiya Islam is a Gates Cambridge Scholar at the University of Cambridge where she is doing a PhD in Sociology. Her research explores the formations of class and gender in urban India. Follow her on twitter @asiyaislam.)

Tough 2018 for India's middle class

Anto Joseph, DNA Money

Life of India's middle class, pegged at 300 million by Deutsche Bank Research, is taking a curious turn in 2018. Inflation and higher interest rates are hanging over their head like a Sword of Damocles. The middle class, already stifled by the lack of propensity to spend, is now staring at two prospects – of longer tenure of their home loans and lesser money in their hands. A week after the Economic Survey, the Reserve Bank of India (RBI) too raised concerns over rising inflation.

The inflation outlook, according to the central bank, is "clouded by several uncertainties". It said along with the HRA increases by various state governments, the rising crude oil and commodity prices, riding a pick-up in global growth, may push up inflation. What's more, RBI cited a few measures by the government for the expected spike. One is the move to revise guidelines for arriving at the minimum support prices (MSP) for kharif crops and the other, an increase in customs duty on a number of imported items. The fiscal slippage as indicated in the Budget could also impinge on the inflation outlook. It has broader macro-financial implications, primarily on economy-wide costs of borrowing that have already started begun its northbound journey. This, RBI suspects, may feed into inflation.

Thank god, Michael Patra, executive director at RBI, was in minority last week when other five members of the RBI's monetary policy committee voted to keep policy rates unchanged. Patra was the lone dissenter who demanded a 25 basis points hike. But, it is just a matter of time that banks will start raising loans, especially retail loans.On its part, the government faces a double whammy. The Budget has reiterated its promise to help farmers by hiking MSP (to cost+50%), leading to stock market pundits predicting a spurt in inflation. Analysts believe the inflationary impact will depend on the extent of MSP hikes as every 1% rise in MSP adds around 10-15 basis points to the headline CPI inflation. The irony is that food items are sold in the market at several times its production cost, most of the margin being pocketed by the ruthless middleman.

If the government is keen to double the income of the farmers by 2022, higher MSP is the least that it ought to ensure. But it has to reign in all traders and brokers, and ensure that the revised MSPs do not hit the retail price. Meanwhile, the economic convergence of India -- the process of poorer countries catching up with their richer counterparts and closing gaps in standards of living -- may have got a little longer.

India’s burgeoning middle class

The Economist’s analysis of the middle class is too one-dimensional for an economy as complex as India’s

Amitabh Kant, Vaibhav Kapoor, Ranveer Nagaich

Livemint Tue, Jan 23 2018

Recently, The Economist published a detailed briefing analysing the Indian middle class. As per our understanding, the author cites various data sources and studies to make one overarching point: any companies betting on India’s consumer market are likely to be disappointed when they face the reality of a “meagre market” on the ground which has little growth prospects at best. The briefing ends with the line, “Businesses assuming the consumer pivot in India is the next unstoppable force in global economics need to ask themselves why it already looks to have run out of puff—and whether it is likely to get a second wind any time soon.”

We do not disagree with some of the issues and challenges that have been pointed out by the author. However, we feel that the report presented suffers from partial and selective analysis and providing a full picture is necessary. Furthermore, it should be noted that the original piece, and thus by association this article, focuses only on the consumer economy in India. We are not going to touch upon the prospects that India presents in infrastructure development (roads, ports, airports, cities, etc.), tourism, logistics and many other sectors. The growth in these sectors will also create jobs, create wealth and support middle-class growth, but we are not going there.

To start with, The Economist employs the definition of middle class (i.e. $10 a day) as provided by the National Council of Applied Economic Research (NCAER). However, it could be argued middle-class incomes should be considered relative to national poverty lines. According to economists Sandhya Krishnan and Neeraj Hatekar (“Rise Of The New Middle Class In India And Its Changing Structure”, Economic & Political Weekly, 2017), the definitions used by NCAER and others imply that the middle class in India are not only well above defined poverty lines in India, but also those in the developed world.

Estimates on the size of the middle class prepared by Krishnan and Hatekar show a different story altogether. Their range for classifying a household as middle class is $2-$10 at 1993 purchasing power parity. Using National Sample Survey (NSS) Consumer Expenditure Survey (CES) data, they find that India’s middle class expanded considerably between 2004-05 and 2011-12. According to their estimates, India’s new middle class grew from 304.2 million in 2004-05 to 604.3 million in 2011-12. As it could be argued that the lower middle class are unable to spend on goods and services attributed to the traditional definition of middle class,

we still arrive at a figure of 158 million Indians in the middle-middle and upper middle-class category. This is double the 78 million cited by The Economist.

Going forward, even if half of the lower-middle class make the transition to upper-middle or middle income, we could be looking at a middle-class market of approximately 350 million Indians.

Second, we agree that inequality is a growing problem, but not to the extent as presented in The Economist. These estimates have also been criticized by some for being exaggerated, principally on account of their methodology. We also need to recognize that inequality is not only specific to India and is a growing problem across the world. On the other hand, it should be recognized that per capita incomes in India have grown substantially, lifting millions out of poverty.

The author claims that there will be no evolution of consumer spending because of the lack of job creation comparable to that of China. This seems overly pessimistic. For example, The Credit Suisse Emerging Market Consumer Survey 2017, which measures consumer confidence, places India at the top of their scorecard. The survey finds a shift from non-branded to branded goods taking place as well, again indicative of a move towards more middle-class consumption patterns.

To drive home the point of the large economic gap between India and China, the article compares the number of Starbucks outlets or the number of cars owned. Whilst we do not deny that an economic gap exists between India and China, it would be prudent to compare where India is now to where China was 10-15 years ago, rather than comparing India with the China of today. To illustrate, let us look at the market for vehicles. It may be true that China owns more cars than India today; however, we need to consider the rate at which passenger vehicle markets have been growing in India and how the share in the global market is evolving. In 2017, India overtook Germany to become the fourth largest auto-market in the world and is expected to displace Japan by 2020.

Another aspect of the consumer economy that the feature highlights is that of mobile phones. A report released by Canalys, a market analysis company, paints a picture that is completely different from the claims of The Economist's author. According to the report, which was released in October 2017, India overtook the US in terms of smartphone sales to become the second largest smartphone market in the world. The author fixates on iPhone sales but fails to take other international brands like Samsung, Xiaomi, Vivo, Oppo and Lenovo, collectively responsible for 75% of mobile sales in India (as per the Canalys report), into account. Furthermore, the growth in India comes at a time when the growth in smartphone shipments is slowing and internet growth is flattening around the world (Internet Trends 2017 report). Related to this, the briefing makes a quick comment about "cheap data" in India being a "boon for streaming services". Perhaps the scale of this boon should be articulated here. According to Internet Trends 2017 report, total monthly wireless data consumed by Indians as of March

2017 was 1.3 billion gigabytes, a 9x growth year on year. Most of the web traffic in India originates from mobile phones.

The briefing gives many examples of international conglomerates which have invested in India. In particular, it points out that Hindustan Unilever (HUL), a subsidiary of the Dutch Parent Unilever, has virtually seen no sales growth in dollar terms since 2012. However, it will only be fair to look at the sales growth in the company's "functional currency" (or currency of the primary economic environment as per HUL's annual report 2016-17). From that perspective, the sales growth looks quite different.

Since 2011-12, the annual rate of growth in revenue comes in at around 8.2%. The reason for "virtually no sales growth" in dollar terms could partly be attributed to the appreciation of the dollar since 2012. On 31 March 2012, the dollar was trading at Rs50.9 while on 31 March 2017 it appreciated to Rs64.8, representing a compound annual growth rate (CAGR) of 5.0%. It should also be noted that in these five years, the USD appreciated against most currencies around the world. Furthermore, the chief executive officer of the parent, Unilever, in the full year result announcement for 2016, regarded India and Brazil as two of the largest markets. Finally, another barometer suggesting strong growth in the middle class is the evolution of the civil aviation industry. While The Economist points towards the strong growth of the industry in India, it discounts its relevance by comparing the size of the Indian civil aviation industry to a European carrier. Here, the author has again failed to recognize the difference in the stage of development between India and Europe.

With regard to deterrents for growth, a low rate of urbanization is cited as one of the factors. This argument seems faulty on two counts. First it discounts the significance of rural consumption in India (which is expected to grow at a CAGR of 14.6% till 2025, as per Assocham). Second, the author could probably clarify the methodology used to arrive at the conclusion of low rates of urbanization. The Annual Survey of India's City-Systems mentions that according to the National Sample Survey Office definition of urban settlements, the number of "Census towns" increased by 186% between 2001 and 2011. While the statutory definition of a city could indicate that India is 26% urbanized, the Census definition would indicate that India is 31% urbanized and following the Mexico definition (2500 plus population) could mean that India is 65% urbanized.

The piece also refers to the poor decisions taken from the policy perspective tempering prospects for growth. While the "sudden and brutal 'demonetization'" did have short-term disruptive effects, this is not the only policy decision made in the recent past. Various investment, administrative and social initiatives have been lauded by national and international independent agencies. While it might not be apt for a detailed review of policy measures at this point, it should be noted that the recent improvement in World Bank's Doing Business rank and Moody's credit rating upgrade stress that the positive effects from the implementation of recent reforms have played an important part in their decisions.

To conclude, the analysis of the Indian middle class is indeed very important for multinational corporations betting on the consumer economy in India. Challenges do exist in the areas pointed out above, but while analysing an economy as complex as India, a one-dimensional analysis runs the risk of presenting a lopsided story. For example, rather than basing conclusions on just definitions of middle class, one should look at the evolution of consumption patterns and their preferences in their analysis. While some aspects have been articulated well by the author, we feel that looking at the full picture is necessary and that the future growth potential cannot be ignored.

(Amitabh Kant, Vaibhav Kapoor and Ranveer Nagaich are, respectively, chief executive officer, public policy specialist and young professional at the NITI Aayog.)

Everyone in India thinks they are 'middle class' and almost no one actually is

Rohan Venkataramakrishnan, Scroll.in, Jul 10, 2015

In a country quite as large as India, it's hard to identify anything that actually counts as being in the "middle." Yet most of us claim we are middle-class, no matter where we fall on the spectrum, whether compared to the rest of India or the globe. A Pew Research Center study looking into the break-up of income levels across the world released last week offers a wake-up call for those familiar with headlines in the English press touting the promises of India's massive middle-class. The study, which looked at changes in income levels across the world's population, points out that the first decade of the 2000s saw a dramatic, historic reduction in global poverty. Yet, despite this, the actual number of people who could be considered middle-income remained under 15%.

The study divided the population in each country into five groups based on a family's daily per-capita consumption or income. The thresholds are based on various things, with $2 being the daily per capita income level under which people are globally considered poor, and $2-$10 fitting people in under the low-income category. As per this measure, the middle-class falls into those who earn between $10 and $20 a day. (As a reminder of how low this still is, the study reminds us that the poverty line in the United States, comes in at around $16 – on the upper end of what this report considers middle income).

A look at India's break-up, based on these parameters, would leave you asking where that celebrated middle-class actually is. Up to 95% of India still qualifies as poor or low-income, the vast majority of India's 1.2 billion citizens. For the globe, the equivalent proportion is 71%. As far as middle-income Indians go, only 2% of the country actually falls into this zone, compared to 13% of the globe, which is itself a disappointing number.

What makes it slightly more ironic is the share of Indians who call themselves middle class. Middle income and middle class aren't the same thing, of course, but one would expect a fair amount of overlap between the two categories. Yet research done by Devesh Kapur and Milan Vaishnav based on a multi-year panel survey by the Centre for Advanced Study of India suggests that about half the Indians in practically any bracket – urban, rural, lowest-income, highest-income – all self-identify as middle class.

The Scam

PNB scam: How a system was gamed

Radhika Merwin, The Hindu Businessline

And so the hunt begins. A handful of bank officials who perpetrated the fraud at India's second-largest public sector bank — leading to unauthorised issue of Letters of Undertaking (LoUs) to jeweller Nirav Modi's firms — have been brought under the scanner. The Central Vigilance Commission has stepped in and asked Punjab National Bank to name the bank officials involved in the scam and identify senior management officials who could have taken action to prevent this fraud.

The All India Bank Employees' Association, which until now was surprisingly silent on the colossal scam, has finally spoken, albeit on predictable lines. "What is sauce for the goose must be for the gander too," the union body puts in with a punch and asks for keeping out the entire top management and higher officials from the bank until the probe is completed.

In the entire blame game, the murky role of auditors and the RBI in the scam has only found shaky references. While questions have been raised, it is unlikely that the auditors would be held accountable for their failure this time around, too. But the fact that the fraud at PNB spanned for seven years without setting the alarm bells ringing at the numerous audits at banks, raises some hard-hitting questions on the manner in which auditors carry on their affairs.

How did a scam of this proportion happen when swarms of external auditors are scrutinising banks? How did all audits manage to not notice any red flags in the entire modus operandi?

Modus operandi

At the heart of the matter lies the gaming of the SWIFT messaging system. SWIFT, or Society for Worldwide Interbank Financial Telecommunications, is a messaging network for securely transmitting instructions for all financial transactions through a standardised system of codes. Used by more than 11,000 financial institutions worldwide, SWIFT is a secure message carrier — its core role is to provide a secure transmission channel so that Bank A knows that its message to Bank B goes only to Bank B.

Our correspondence with SWIFT reveals that the way banks use SWIFT, and the business processes they have in place to do so, differs from bank to bank. It goes without saying that banks will want to have checks in place before actually sending messages. The processes, checks, balances, authorisations and so forth differ hugely from bank to bank, depending on their size and the scale of their activity.

In the case of PNB, it is evident that the various checks and authorisations (if at all) had been completely compromised. Hence, a SWIFT message was sent from PNB's Mumbai branch to overseas banks offering unauthorised LoUs.

Ideally a bank guarantee, an LoU allows a customer — Nirav Modi here — to raise money from another Indian bank's foreign branch in the form of a short-term credit to pay offshore suppliers in foreign currency. By rolling over of credit, Modi had ensured that subsequent LoUs repay the money due on the earlier LoUs. So, there had been no default until now.

Red flags

But how could such a massive operation have been in existence for several years without raising red flags at auditing? The Guidance Note on Audit of Banks brought out by the Auditing and Assurance Standards Board of the ICAI every year is an important resource which provides detailed guidance on various aspects of bank audits. A look into the buyer's credit and NOSTRO account (which facilitates forex transactions) section of this 674-page document clearly points to the utter failure in the auditing processes of PNB.

The typical flow of transaction of buyer's credit includes the borrower approaching foreign bank (or overseas branches of Indian banks) for availing buyer's credit for payment to be made to the foreign supplier.

The Letter of Credit/Undertaking is issued by Indian bank to the foreign bank through SWIFT message. The foreign bank remits funds to the NOSTRO account of the Indian bank, backed by the LoU.

Hence, the Indian bank remits the funds to foreign supplier through its NOSTRO and on the due date the Indian bank remits the funds (inclusive of interest) to the overseas bank and recovers the similar amount from its customer (Nirav Modi in this case). The flow of operation clearly indicates that a proper audit would have found out these problem areas.

Missing in action

To understand the audit flaws better, let's take a look at how NOSTRO accounts actually work. The entries of inward and outward remittances have to be recorded in the books of the India bank (a NOSTRO mirror account). Assuming that this did not happen, an audit process, which requires reconciliation of the two accounts, should have thrown up anomalies.

According to the guidance note on bank audits, the auditor has to consider whether a system of periodical reconciliation was in place and whether confirmations from the foreign banks are obtained on a periodic basis, either through physical confirmations, SWIFT messages, emails, etc. None of this appears to have been done, shockingly, for several years.

Banks are subjected to many types of audits. The concurrent branch audit is a real time audit that is done as transactions take place or in the worst case at the end of the day. Sudden surge in surpluses in the NOSTRO account on a day to day basis should have been enough to trigger an enquiry. Why didn't it?

Banks also invest surpluses in NOSTRO account in money market. How can a bump in treasury income in a particular account not catch the attention of the auditor or even the CFO? The fee that PNB would have earned through such LoUs has apparently also not fallen under the auditors' radar. How did the RBI not audit SWIFT messages or the NOSTRO balances?

The bigger question is what is the real scale of this scam? Have other banks also issued LoUs without collateral or margin money (something few industry players agree is a possibility)?

How many such transactions are waiting to tumble out of the closet, particularly in PSU banks where internal processes and controls have time and again been compromised?

The task for the RBI is clearly a herculean one, scrutinising numerous accounts of banks to unearth such irregularities. But before it does that, it needs to own up for lapses in its own audit practices.

A timeline of developments in the $2 billion PNB fraud

The $2 billion fraud at Punjab National Bank (PNB) has shaken India's financial sector. Here's a timeline of t he development in the case

A $2 billion fraud at India's second-biggest state-run lender Punjab National Bank (PNB) has shaken the nation's financial sector, triggering a massive probe and regulatory changes. The following is a timeline on PNB fraud developments:

29 January 2018

■ PNB files police complaint against jewellers Nirav Modi, Mehul Choksi and others, saying they had colluded with two of its staff to defraud PNB of Rs280 crore.

5 February 2018

■ Central Bureau of Investigation (CBI) says has launched a probe into the alleged scam. Bank tells stock exchange it is still investigating the extent of the fraud.

14 February 2018

■ PNB now discloses the amount involved in the fraud as $1.77 billion, or Rs11,400 crore, adds other banks overseas advanced money to jewellers based on the fraudulent guarantees issued by its staff.

15 February 2018

■ PNB chief executive Sunil Mehta holds news conference, says working with law enforcement agencies, regulators, other banks. CBI says Modi, Choksi left India before PNB filed complaint.

16 February 2018

■CBI files case against Choksi's Gitanjali Group, conducts searches at 20 of the jewellery retailers locations.

■ PNB CEO tells analysts bank putting in place better checks and balances, hopes to recover within six months.

■ The Reserve Bank of India says will take appropriate supervisory action.

■ State-run Union Bank Of India says it has exposure of about $300 million related to the PNB fraud, while State Bank of India says its exposure is about $212 million.

17 February 2018

■ CBI makes first arrests in the case, two PNB employees and an executive of Nirav Modi's group detained.

■ State-run UCO Bank says it has about $412 million in exposure to fraudulent transactions carried out at PNB.

■ Enforcement Directorate seizes a cumulative Rs56.74 billion worth of diamonds, gold and jewellery from Nirav Modi's home and offices.

19 February 2018

■ CBI arrests three more PNB executives in relation to the PNB fraud.

20 February 2018

■ PNB shares fall for fifth trading session, wiping off $1.9 billion in market capitalisation.

■ Finance minister Arun Jaitley slams oversight lapses, without directly referring to the PNB fraud case.

■ RBI asks banks to implement measures to strengthen their oversight of the SWIFT interbank messaging platform.

■ Jeweller Modi's lawyer denies wrongdoing by client; Modi writes to PNB saying his companies owe much less than the sums reported.

■ ED says investigating more than 100 shell companies allegedly used by Modi and Choksi to route funds.

■ CBI arrests three officials from Modi's group, two from Gitanjali.

21 February 2018

■ CBI arrests PNB general manager Rajesh Jindal, who headed the bank's Brady House branch in Mumbai between August 2009 and May 2011.

■ Jeweller Modi writes to his employees in India saying they should look for other jobs as he would not be able to pay them salaries after the seizure of his assets.

22 February 2018

■ ED seizes nine luxury cars belonging to Modi and his firms; freezes shares and mutual funds worth Rs78 million held by Modi and Rs867.2 million held by Choksi.

23 February 2018

■ Auditor group Institute of Chartered Accountants of India begins probe into PNB fraud.

■ RBI orders linking of SWIFT system with banks' core accounting software by 30 April, among other measures, 20 February letter to banks shows.

■ Bollywood star Priyanka Chopra announces cutting ties with Nirav Modi's brand.

24 February 2018

■ Choksi writes an open letter to employees of Gitanjali Gems protesting innocence and telling them to look for other jobs.

■ ED seizes 21 properties including a farmhouse, a solar power plant and land belonging to Modi worth Rs5.24 billion.

27 February 2018

■ PNB says the amount of fraudulent transactions has gone up by about $204 million to $1.97 billion, or Rs12,636 crore.

■ Jeweller Modi's firm Firestar Diamond files for bankruptcy in the United States.

28 February 2018

■ CBI arrests former PNB auditor M.K. Sharma, who was responsible for auditing systems and practices of the bank's Brady House branch.

1 March 2018

■ PNB appoints BDO India as forensic auditor for five group companies belonging to Modi.

■ CBI arrests another former PNB internal auditor, Bishnubrata Mishra, who was responsible for audits at the branch between 2011 and 2015.

3 March 2018

■ Authorities say gold and diamond bribes given to one PNB staffer named in the fraud.

■ State-run lender Allahabad Bank says its exposure to the fraud is about $367 million.

4 March 2018

■CBI makes four more arrests—two former employees of Modi's Firestar International, an auditor of Modi's group and a former director of one of Choksi's companies.

6 March 2018

■ CBI arrests a vice president of Gitanjali group.

■ Serious Fraud Investigation Office (SFIO) meets executives from Axis Bank, ICICI Bank over Modi, Choksi exposure.

7 March 2018

■ PNB CEO Sunil Mehta meets SFIO officials in Mumbai.

8 March 2018

■ Choksi accuses investigating agencies of gross abuse of due process in the PNB fraud investigation, says impossible for him to return to India and join the probe due to the suspension of his passport and ill-health.

CBI issues fresh summons to billionaire jeweller Nirav Modi and his uncle Mehul Choksi to join the PNB fraud investigation as early as possible and made it clear to the duo that they were "obliged" to cooperate.

(Reuters)

A warning ignored

Akshay Deshmane, Frontline

In hindsight, it seems like a scandal foretold. On July 26, 2016, an online complaint sent by the Bengaluru-based businessman Hari Prasad S.V. to the Prime Minister's Office (PMO) stated: "I would like to bring to your notice a major financial scam similar to that of Mr Vijay Mallya of Kingfisher group from Bangalore, Subroto Roy of Sahara Group—Calcutta or Ramalingaraju of Satyam Group—Hyderabad. This scam and fraud [has been] done by [a] person/company based in Mumbai involving loss of Rs.1000s of crores of Indian public money…[sic]"

This was not inflated talk. Claiming that the "scam" was still under way, the complainant proceeded to provide "details of the fraudster" and his purported financial dealings with some of India's biggest banks. The complaint claimed that the "fraudster", Mehul C. Choksi, chairman and managing director of Gitanjali Gems Limited, had "siphoned out thousands of crores out of India". The businessman appealed to the PMO to look into the financial dealings of the company "and do [the] needful before it is too late", that is, before Choksi "escapes from the country like… Mr Vijay Mallya…."

Choksi is a business partner and maternal uncle of Nirav Modi, the diamantaire who grabbed national headlines after fraudulent transactions worth Rs.11,400 crore at Punjab National Bank became public knowledge in mid February. Inexplicably, popular attention towards Nirav Modi

overshadowed the controversial business record of Choksi, who was at the centre of Hari Prasad's complaint. According to the Central Bureau of Investigation (CBI), the fraud by Nirav Modi's firms were worth over Rs.6,000 crore and that by Choksi's firms totalled Rs.4,886.72 crore. Clearly then, Choksi's alleged role in the scam is significant.

Hari Prasad told Frontline that he once enjoyed a good business relationship with Choksi. The ties soured after Choksi allegedly cheated him; he owes him Rs.13 crore. Hari Prasad said his concern was not purely personal. He was worried about the impact of Choksi's alleged fraud on the functioning of the banking system and the economy as a whole. That is the reason why he teamed up with other "victims of Gitanjali". He wrote the complaint after unsuccessful attempts at getting other institutions to act. It was also written on behalf of other victims. Hari Prasad made it clear that after having "failed to get the attention of any serious investigating authority, we have finally come to your door [PMO] for justice".

In what seemed like strong references to a select bunch of controversial rich Indian businessmen, Hari Prasad said he wished to save the country from "huge losses of approximately Rs.10,000 crore looted by such white-collar thugs".

He described several aspects of the finances of Choksi's companies and pointed out the purported "deficiencies in the balance sheets". He presented a list of 31 banks that had extended loans to Choksi's group and warned that since multi-crore loans had been given despite the group having meagre assets, the loans were "definitely going to become NPA [non-performing assets] soon". The complaint also pointed to "tax liabilities increasing year by year" and warned that since the company was supposedly not paying tax dues, "chances of him defaulting on payment are increasing by the year".

Claiming that "his [Choksi's] tangible assets are very small", the complainant also called the balance sheet of Choksi's firm "fictitious" and assert ed that "there is something fishy with his company and its activities". Hari Prasad said "(Choksi) could have managed the banks by some means".

Hari Prasad wrote: "Most of the India subsidiaries are in losses and foreign subsidiaries in profit… Choksi has siphoned out Indian money abroad." Having made his case, he said: "I hope you will take due note of the above and do your bit to save the country from another Subroto Roy (Sahara Group) and Vijay Mallya (Kingfisher Group) and may [prevent] such kind of white-collar thugs from looting public money and stashing it out of India. I hope you will do your best quickly to depute the right person to investigate this fraud and save the country from losing thousands of crores."

The PMO forwarded the complaint to the Registrar of Companies, which did not take any action.

The Global

'The Present as History' and the Theory of Monopoly Capital

by John Bellamy Foster and Grzegorz Konat

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(Grzegorz Konat is an economist at the Institute of Agricultural and Food Economics, National Research Institute, Warsaw, and a frequent contributor to the Polish edition of Le Monde diplomatique. John Bellamy Foster is the editor of Monthly Review and a professor of sociology at the University of Oregon. This interview was initially published in Polish, in Realny kapitalizm. Wokół teorii kapitału monopolistycznego [Real Capitalism: Exploring Monopoly Capital Theory], edited by Grzegorz Konat and Przemysław Wielgosz (Warsaw: Instytut Wydawniczy Książka i Prasa, 2017).

Grzegorz Konat: What are the most important qualities of the monopoly capital school? What distinguishes this tradition from other currents within Marxism?

John Bellamy Foster: The most important principle of the monopoly capital tradition is that of "the present as history" (a phrase first introduced by Paul M. Sweezy, forming the title of a 1953 collection of his essays). This means that the focus is on the historical specificity that separates the various modes, stages, and phases of production and accumulation, and the application of this to the understanding of the present. The idea of the monopoly stage of capitalism first arose in Marxian theory in the early twentieth century, with Rudolf Hilferding's Finance Capital and V. I. Lenin's Imperialism, the Highest Stage of Capitalism. (In the United States the most important work was the socialist economist Thorstein Veblen's Theory of Business Enterprise.) Lenin stated that "if it were necessary to give the briefest possible definition of imperialism, we should have to say that imperialism is the monopoly stage of capitalism."

Early theories of monopoly capitalism, though emphasizing the concentration and centralization of production, monopolistic pricing, and modern finance, did not adequately connect this to the theory of capital accumulation. For later thinkers, such as Paul A. Baran and Sweezy in Monopoly Capital, understanding how accumulation or the laws of motion of capitalism had changed with the rise of the giant corporation was therefore the fundamental problem. They concluded that the principal crisis tendency of the system had switched from one of underaccumulation (related to the tendency of the rate of profit to fall due to a rising organic composition of capital) to overaccumulation (or the problem of surplus absorption). The term "overaccumulation" in this sense was first introduced by Sweezy in The Present as

History. It referred to the weakening of actual accumulation or investment, in relation to the social accumulation fund potentially available for capital formation. In this perspective, the main barrier to accumulation in the present is accumulation that occurred in the past, evident in chronic problems of overcapacity. The central problem is thus surplus absorption, particularly with respect to the limited outlets available for profitable investment. It is crucial to the overall theory that the monopoly capitalist economy does not simply stagnate, since countervailing factors such as the sales effort, military spending, and financialization come into play, serving to prop up the economy—but only at the cost of further layers of contradictions.

Another distinctive aspect of the monopoly capital tradition is the emphasis that it placed from the beginning on the growth of multinational corporations, viewed as the extension of the sphere of operation of the giant monopolistic firms to the imperialist world system as a whole. In fact, it can be argued that the most important pioneering work on the analysis of multinational corporations emanated from thinkers associated with Monthly Review—political economists such as Stephen Hymer, along with Baran, Sweezy, and Harry Magdoff. The strong emphasis on multinational corporations in monopoly capital theory continues today—for example, in the recent work of Samir Amin, and in John Smith's Imperialism in the Twenty-First Century.

GK: Over the years, the analysis of the monopoly capital school has been criticized from different angles, perhaps mostly by other Marxists. Among other things, there was the alleged lack of wage theory or the supposed misspecification of the true (i.e., competitive) nature of modern capitalism. How would you respond to these allegations and how do you view the relationship of Monthly Review with other Marxist currents today?

JBF: The wage theory has always represented a serious problem for Marxian political economy once you move away from the subsistence-based theory. This has long been understood, as you can see by reading Maurice Dobb's Wages or Ernest Mandel's "The Final Shaping of the Theory of Wages," in his The Formation of the Economic Thought of Karl Marx (published, incidentally, by Monthly Review Press). One gets a clear sense of how difficult it is to relate the classical wage theory to contemporary capitalism from Anwar Shaikh's recent magnum opus Capitalism. As a result, most Marxian theorists have been content to leave the matter where Karl Marx did, simply assuming that the value of labor power reflects historically determined subsistence levels, while not examining the structural changes that have occurred in the period since Capital was written. This has been a glaring weakness of Marxian theory in general.

It was the monopoly capital theory that addressed this problem most seriously from the start, particularly in the work of Michał Kalecki and Baran. Baran's The Political Economy of Growth relied heavily on Kalecki's core postulate that "workers spend what they earn, capitalists earn what they spend." In effect, Kalecki replaced the absolute subsistence assumption with one that workers don't save. However, Nicholas Kaldor argued in a criticism of Baran that if we

assume that wages equal the value of labor power and that the wage share of income is stable—which was seen as a kind of law of the modern economy by both Kalecki and John Maynard Keynes—then the Marxian theory of a rising rate of exploitation and increasing surplus/surplus value is contradicted as far as the overall economy is concerned in the twentieth century. It was this more than anything else that induced Baran and Sweezy in Monopoly Capital to develop the concept of surplus, as a complementary notion to surplus value. Like Piero Sraffa (but based on a different argument) they insisted that a part of the surplus was concealed in the monopoly stage in wages as more and more unnecessary or unproductive expenditures related to the absorption of surplus (for example, marketing expenditures) were incorporated into the "shopping basket" of the workers.

This argument on wages was implicit in Monopoly Capital, particularly in the chapter on "The Sales Effort," and we can now see much more clearly how the analysis was developed with the publication in MR in July–August 2012 of a missing chapter of Monopoly Capital, entitled "Some Theoretical Implications," and through Baran and Sweezy's correspondence, newly available in The Age of Monopoly Capital: Selected Correspondence of Paul A. Baran and Paul M. Sweezy, 1949–1964, edited by Nicholas Baran and myself. The problem in interpreting the wage analysis underlying their work was that Baran's draft of "Some Theoretical Implications," which dealt with this issue, ended up being omitted from the book by Sweezy, due to Baran's death in 1964 and because the two thinkers had not been able to work out all the wrinkles. This made that part of their argument unclear but nonetheless open to reconstruction, based on the larger logic of their analysis.

The essential elements of the argument were captured in the early 1980s by the Polish political economist Henryk Szlajfer, in essays included in the collection The Faltering Economy (1984), edited by Szlajfer and myself. Not only did Sweezy support Szlajfer's interpretation, but the subsequent publication of the missing chapter and Baran and Sweezy's correspondence verified these conclusions. In monopoly capital theory, the approach to wages is at its base the same as in Marx's theory—that is, rooted in the concepts of the value of labor power, the rate of surplus value, and the industrial reserve army. But beyond that, various factors related to the monopoly stage itself enter in (such as the growing role of waste or socially unproductive labor) that account for the rising rate of exploitation, even in the context of what appear at times to be historically high wages. To explain this, Baran and Sweezy dug deeper into Marx's analysis, drawing, for example, on his concept of "profits by deduction" to explain changes in the wage relation under monopoly capitalism (see my introduction to "Some Theoretical Implications" in the July–August 2012 issue of MR).

Related to this was Kalecki's own more developed wage theory with respect to monopoly capitalism, which he presented a few years after the publication of Monopoly Capital in his essay "Class Struggle and the Distribution of National Income," published in 1971, shortly after his death. This was a powerful extension of Marxian analysis, which in many ways

complemented the theoretical framework that Baran and Sweezy had been developing, and which was crucial for the monopoly capital tradition. Shaikh recognizes the importance of Kalecki's wage theory, but follows the common practice in economics in Britain and the United States of classifying Kalecki (as well as Baran and Sweezy) as post-Keynesian rather than Marxist or neo-Marxist in orientation, thereby conflating Kalecki, in particular, with the heterodox post-Keynesian tradition as this is understood today in the United States and Britain, which has selectively carried forward many of Kalecki's ideas, while often abandoning his more critical analysis.

With respect to competition, there is no sense in which monopoly capital theory denies its centrality in capitalism. Rather, the question is the way in which competition is transformed as a result of the increased concentration and centralization of capital and the growth of monopoly power. The reality since the beginning of the twentieth century or even earlier has been the dominance in the advanced capitalist economy of giant corporations with considerable monopoly power over price, output, and investment. These monopolistic (or oligopolistic) corporations engage in fierce oligopolistic rivalry. However, the principal difference, when compared to the stage of free competition, is that genuine price competition between monopolistic capitals is effectively banned by the large firms as too destructive. Given the centrality of price competition to the functioning of capitalism, this modifies the whole nature of accumulation.

One consequence of this changeover can be seen in the price level. In the United States the price level in the nineteenth century fell pretty much every year in the nineteenth century (except during the Civil War), while it rose almost every year in the twentieth century (except for the Great Depression). The general rule is that prices under monopoly capitalism go only one direction—up. Of course, this applies mainly to mature, concentrated industries and not to new industries where a shakedown process is still occurring, as in the early stages of digital industry.

Another consequence—explained definitively by Josef Steindl in his Maturity and Stagnation in American Capitalism—is the high levels of excess capacity under the regime of monopoly capital, since, faced with weak demand, the giant corporations seek to protect their gross profit margins (rates of surplus value) by reducing capacity utilization—something not possible in a system in which genuine price competition prevails. The existence of sizeable amounts of excess capacity in turn depresses investment, in a kind of vicious circle.

Competition in the monopoly stage, then, does not take the form of price competition so much as competition in marketing, product differentiation, mergers and acquisitions (firms buying each other up), and so on. To be sure, competition for low cost position in any industry continues unabated, since this is the key to higher profit margins. Capital thus struggles endlessly for higher rates of surplus value (or a higher mark-up on prime production costs). In

this respect, competition remains the enforcer of the laws of motion of capital, as in Marx. Nevertheless, an economy under the hegemony of billion-dollar corporations is a far cry from the small family-firm capitalism that prevailed in Marx's day. Much of this was foreseen by Marx and Frederick Engels (though they wrongly saw it as a harbinger of socialism). Thus Marx wrote that big capitals beat the smaller, and indicated that competition rages in intensity "in direct proportion to the number and in inverse proportion to the magnitude" of firms. He pointed out that the centralization of capital was aided by the development of the modern credit system, including the stock market. And he underscored the significance of the joint stock company or the modern corporation.

GK: The attitude of the monopoly capital school toward the labor theory of value seems to be of particular importance. What is the significance of this theory for the Monthly Review school? And how does this relate to the work of Sweezy, Baran, and Amin?

JBF: In the monopoly capital tradition, the labor theory of value of classical political economy, and particularly that of Marx, has always been the indispensable key to the critique of capitalism, and adherence, explicit or implicit, to the value-theoretical critique is required (though of course not sufficient) if an economic analysis is to be considered Marxist at all. Although critics sometimes say that Baran and Sweezy abandoned the labor theory of value, this was never the case. Rather, their whole framework, as I explained in The Theory of Monopoly Capitalism, was designed to give the value-theoretical critique a wider range. (See, for example, Sweezy's "Monopoly Capital and the Theory of Value" in The Faltering Economy.) Now that "Some Theoretical Implications" has been published, along with Baran and Sweezy's selected correspondence in The Age of Monopoly Capital, we can see exactly how they sought to transform the value-theoretic critique derived from Marx in order to address the new developments associated with the monopoly stage.

To be sure, there are certain inherent complications and discontinuities that arise with respect to monopoly pricing and value. Sweezy explored the question of monopoly pricing and its relation to value theory many times, and always built this on Marx. It is true that bringing monopoly pricing into the analysis makes the whole economic argument more difficult, destroying the mathematical elegance of economic relations that one gets if one assumes free competition—this is as true for neoclassical economics as for Marxian economics. But, when forced to choose between theoretical elegance and real-world analysis, historical materialism requires that we choose the latter. In recent years, Baran and Sweezy's approach has been extended on a global level in Amin's pioneering work on "generalized monopoly capitalism"; see especially his forthcoming book Modern Imperialism, Monopoly-Finance Capital, and the Law of Value.

GK: It has been a little over five years since you published, with Robert W. McChesney, a very important book entitled The Endless Crisis. How do you, a few years on, view the theses

presented in it? Is the global situation developing according to the model presented in the book?

JBF: The Endless Crisis grew out of the book The Great Financial Crisis that I had written with Fred Magdoff, published three years earlier. Most of that book was written (and published in the form of articles) in 2006–07, ahead of the collapse of Lehman Brothers in September 2008. In 2006, marking the fortieth anniversary of Monopoly Capital, I introduced the notion of monopoly-finance capital, as a new phase of the monopoly stage, and as a way of conceptualizing the historical changes that Sweezy in 1997 had summed up as "the financialization of the capital accumulation process." The argument was presented as a dialectic of stagnation and financialization, with the latter as the main countervailing influence. From this emerged the thesis that with a severe enough financial crisis, capable of arresting the progress of financialization, the economy would stagnate, with no visible way out.

The Endless Crisis was the application of that thesis. Following the Great Financial Crisis, it was generally assumed by economic commentators that things would return to normal. The argument that McChesney and I advanced in The Endless Crisis was rather that stagnation, due to the weakening of financialization, was here to stay—at least in the foreseeable future. I think the greatest compliment that the book received came from James K. Galbraith two years later, in his informative book The End of Normal, where he described McChesney and me in The Endless Crisis as "early adopters of the there-will-be-no-recovery position." Of course, by that Galbraith did not mean that there would be no business cycle recovery—a position that neither he or we would have argued—but merely that a secular trend toward stagnation was now asserting itself directly and for the foreseeable future. In our analysis, we indicated that this was a global phenomenon, even extending, as we argued in great detail, in many ways to China—a proposition that has also held up, since the Chinese growth rate, while still historically high, has been negatively affected by global stagnation tendencies.

The main impact of The Endless Crisis, though, was in its argument on growing monopolization in the U.S. economy and the world economy as a whole. In this we had the help, in some of the early pieces that would form the basis for the book, of R. Jamil Jonna, associate editor for communications and production at Monthly Review and a very gifted statistical analyst and political economist. Our empirical and theoretical work played a visible role in turning around the mainstream argument on monopolization, influencing figures like Paul Krugman and Nancy Folbre in the New York Times, and numerous business and economic publications, and helping to generate a growing understanding of the internationalization of corporate monopoly power. A big part of the argument was to explain how the globalization of monopoly-finance capital was now being leveraged by the global reserve army of labor through the process of the global labor arbitrage, systematically exploiting lower wages in the global South (and in Eastern Europe). This, we have argued, established a new phase of imperialism, encompassing both its

economic and geopolitical aspects. This was accompanied by new forms of unequal exchange, as Smith has explained in Imperialism in the Twenty-First Century.

The major weakness of The Endless Crisis was that it did not deal sufficiently with politics and the state. This was partly because we were uncertain at the time about how the developments emerging from the Great Financial Crisis would translate into contradictions at the level of the state. Since then, both McChesney and I have separately focused on the crisis of the liberal democratic state: he most notably in his 2016 book with John Nichols, People Get Ready, where they pointed, before the rise of Trump, to the dangers of the growth of fascist political movements in the United States; and in my case, more recently, with my book Trump in the White House, where the question of neofascism is raised. If we were to revise The Endless Crisis at this point, it would not be to alter anything in the basic economic argument, but rather to address the issue of the crisis of the liberal-democratic state.

GK: And how does the present situation in the United States fit into the description of the functioning of the modern capitalist economy proposed by contemporary monopoly capital theory?

JBF: Today the situation is still one of what we called "the stagnation-financialization trap" characterizing the monopoly capital period. David Leonhardt, an economic columnist for the New York Times, published an article on October 12, 2017, entitled "We're About to Fall Behind the Great Depression." His column included a chart developed by Larry Summers and Oliver Blanchard showing the trend lines for the first twelve years after the Great Depression and the Great Recession/Great Financial Crisis, indicating that the economy, according to the current growth trend, will have recovered less in the latter. Of course, twelve years after the Great Depression the U.S. economy, referred to at the time as "the arsenal of democracy," was being bolstered by the Second World War in Europe and was itself soon to enter the war. Nevertheless, the comparison is a dramatic one. Today there is no doubt about the strength of the underlying stagnation tendency—as Monthly Review has insisted for more than half a century.

The key notion of the stagnation-financialization trap stands for a historical situation in which the economy stagnates except when inflated by credit-debt bubbles, which eventually burst. Given that the underlying problem is one of overaccumulation, in the sense of a problem of surplus capital absorption, there is no easy way out of this dilemma for the system. The way out of the Great Depression, i.e., the Second World War, is not something that can be repeated in the thermonuclear age. The main strategy of the system thus seems to be to get financialization going again by hook or by crook. However, the fact remains that the financialization of capital has been less effective as a driver of the system since 2007, resulting in seemingly endless stagnation—and with another recession soon due, if history is any guide. Quantitative easing notwithstanding, monetary policy is ineffective in righting the economy in a near-zero interest

stagnation setting. Japan has been stuck in this situation since its financial crisis in the early 1990s. Now the United States and Western Europe are similarly mired in stagnation.

Geopolitically, a big concern of the countries in the capitalist core is that China in particular, while not immune to the slowdown in the world economy, continues to grow at a rapid rate. Although suffering from unequal exchange relations, China has nonetheless managed to retain and to reinvest a portion of the surplus generated by the global labor arbitrage whereby multinational corporations based primarily in the rich countries outsource their production to low-wage countries in the global South. This has allowed for extensive development, based on China's still enormous labor reserve. The rapidity of Chinese growth is imperiling U.S. hegemony in the world economy and even that of the Triad of the United States/Canada, Western Europe, and Japan. The reemergence of Russia as a superpower is also taking place in this context. It is this widening geopolitical struggle, reflecting underlying economic shifts, that is pushing the world toward potentially catastrophic wars at a global level. Add in climate change, and it is quite a "witches' brew."

GK: It seems that the work of prominent Polish Marxist economists—Rosa Luxemburg, Oskar Lange, and Michał Kalecki—was important for the development of monopoly capital theory. How do you assess this impact?

JBF: Interestingly, monopoly capital theory had its strongest early proponents from the 1930s to the 1970s in Poland and the United States. The Polish contribution is most obvious when we look at the work of Kalecki, who of course was strongly influenced by Luxemburg. Lange can also be seen as a contributor in this area, particularly in his volume on Political Economy. It is important to understand, moreover, that Baran, although he was born in Russia, and educated in Russia, Germany, and the United States, actually carried a Polish passport, lived in Poland for a time helping with his family's wood products business there, and was of course perfectly fluent in Polish. He was close friends with Lange in particular, as well as Kalecki. When Baran first met Sweezy in the stacks in the Harvard library in 1939, he was holding in his hand a letter of introduction from Lange. Sweezy, too, was close to Kalecki, who served behind the scenes as a crucial advisor to Monthly Review while he was at the United Nations from the late 1940s up to 1954. But it was Baran who was always the first to read Kalecki's English works (probably because he was also familiar with some of Kalecki's untranslated Polish writings) and who took the initiative in pointing Sweezy to Kalecki's major writings, which the two of them discussed closely. Baran's The Political Economy of Growth relied very heavily on Kalecki's analysis, and Kalecki praised the book highly. Monopoly Capital drew its direct inspiration primarily from Kalecki and Steindl—a fact that they highlighted in their book. Taking the Kaleckian argument as their basis, Baran and Sweezy sought to explain the larger societal implications of the economic transformations associated with the dominance of the giant corporation. It is certainly significant that not only Luxemburg's The Accumulation of Capital was published by Monthly

Review Press, but also Kalecki's Theory of Economic Dynamics and his Last Phase in the Transformation of Capitalism.

It should be noted that Baran and particularly Sweezy, as their correspondence shows, were initially very critical of Kalecki for failing to base his analysis on Marxian value theory. But Sweezy later concluded that Kalecki had modeled his theory on Marx's value categories (including the reproduction schemes) to the extent that the value-theoretic basis was fundamentally present in his work—and that Kalecki was in many ways operationalizing Marx's analysis in the present. Sweezy ended up arguing in his "Marxian Value Theory and Crisis" (in The Faltering Economy) that Marxian analysis could be developed on a price (or price of production) basis, but only if one was cognizant of the main value-theoretic relations, without which essence would give way to appearance. This was directly related to Kalecki, as well as to Baran and Sweezy's own work.

Some of this discussion draws on an essay that I wrote entitled "Polish Marxian Political Economy and U.S. Monopoly Capital Theory: The Influence of Luxemburg, Kalecki, and Lange on Baran and Sweezy and Monthly Review," for the book The Legacy of Rosa Luxemburg, Oskar Lange, and Michał Kalecki: Volume 1 of Essays in Honour of Tadeusz Kowalik, edited by Riccardo Bellofiore, Ewa Karwowski, and Jan Toporowski. All of these thinkers—both those in the title and the editors—can, I think, be considered important contributors to the broad tradition of monopoly capital theory. A big moment in my life was briefly meeting Kowalik in Toronto in the early 1980s. (I was a teaching assistant at the time for the Polish economist Henryk Flakierski, who had worked with Kalecki at the Main School of Planning and Statistics.) Monthly Review Press later published Kowalik's From Solidarity to Sellout, and Toporowski has written a number of times for Monthly Review. Szlajfer's work in the early 1980s was seen by Sweezy as an important breakthrough in synthesizing the ideas that he and Baran had been concerned with in Monopoly Capital. My book The Theory of Monopoly Capitalism would have been inconceivable without his prior work, which in many ways inspired it. All of this suggests that the Polish and American connection in monopoly capital theory has extended to the present day.

GK: In times of a deepening climate crisis and in the Anthropocene era, progressive environmentalists face numerous theoretical issues, and often seem to be slightly confused. Can we, in your opinion, find an answer to the climate change question in Marx? And if so, what conclusions and teachings come from his work in this regard?

JBF: This is a complex issue—the most difficult of our time—that would require another interview altogether to do it full justice. I have written extensively on this, most notably in my book Marx's Ecology. Interestingly, Marx did discuss regional anthropogenic climate change in his day. He was also very interested in the effect of paleoclimatic changes on the extinction of

species through shifting isotherms. And he attended John Tyndall's lectures around the time that Tyndall experimentally demonstrated the greenhouse effect.

More to the point, however, Marx developed a theory of the ecological contradictions of capital accumulation, which is commonly referred to today as his theory of metabolic rift. What is important about Marx's approach is that more than any other thinker, certainly of the nineteenth century, he explored the interrelated economic and ecological contradictions of capitalism. This was possible because of his dialectical approach, which led him to interpret the labor process as one of social metabolism, and thus as mediation between human beings and nature. It was the systematic rupture or rift in this essential metabolism brought on by capitalism that was, for him, at the root of the whole ecological problem, demanding more sustainable forms of production that would protect the environment for future generations. No other nineteenth-century thinker (except Engels, of course) came close to Marx's level of insight in this respect. Moreover, the dialectical penetration of Marx's thought, his attempt to link the materialist conception of nature to the materialist conception of history, and his general critique of capital gave him a socio-ecological vision beyond that of most environmentalists today. Brett Clark, Richard York, and I extended Marx's metabolic rift perspective to the consideration of climate change in our book The Ecological Rift. The degree to which Marx explored the ecological problem, as revealed in his notebooks, is becoming more and more evident—most notably through the recent publication of Kohei Saito's Karl Marx's Ecosocialism: Capital, Nature, and the Unfinished Critique of Political Economy.

From the start, monopoly capital theory was centrally concerned with the problem of waste, and thus made numerous contributions to the ecological critique, which are crucial for us today. The extraordinary level of waste—both economic and ecological—built into the monopoly capitalist economy means that radical changes in social relations could lead to rapid ecological improvements. What is necessary is not only an emergency response to the threat of climate change, which means going against the logic of capital, but, beyond that, a long ecological revolution to create a socialist society of substantive equality and ecological sustainability. Sweezy was an early proponent of this general line of thinking (for example, in his article "Cars and Cities" in the early 1970s). The field of environmental sociology in the United States, associated with thinkers like Alan Schnaiberg, was deeply affected by the monopoly capital argument, leading to a strong, even dominant neo-Marxian frame within U.S. environmental sociology. Another major thinker who should be mentioned in this respect is the late Marxist philosopher István Mészáros, one of the preeminent Marxian thinkers of our age, who in his book Beyond Capital incorporated the category of waste as conceived in monopoly capital theory into his analysis of "the activation of capital's absolute limits." The result was a profound critique of capital's system of social metabolic reproduction. Many others are now contributing to the development of Marxian ecology, where much of the most pathbreaking work in Marxian theory as a whole is now emerging—in what is often referred to as the ecosocialist movement.

GK: In recent years in left-wing circles in Poland, some new ideas have gained popularity. These are, on the one hand, the theories proposed by Thomas Piketty, and, on the other, the idea of the so-called universal basic income. What are your views—and those of the Monthly Review school in general—on these issues?

JBF: Piketty is indeed interesting. Michael Yates and I wrote an article for Monthly Review shortly after his book appeared entitled "Thomas Piketty and the Crisis of Neoclassical Economics." Piketty, we argued, was at the time he wrote his book already an extremely prestigious neoclassical economist, at the very top of the profession. He was particularly important because of his role in the establishment of the World Top Incomes Database, the state-of-the-art statistical database in this area. His book appeared seven years after the onset of the Great Financial Crisis and represented the first visible break, standing for the crisis of neoclassical economics as a whole. In this way it paralleled Keynes's General Theory, which appeared seven years into the Great Depression. The most important observation in Piketty's book was that "there is no natural, spontaneous process to prevent destabilizing, inegalitarian forces from prevailing permanently" in a capitalist economy. Moreover, the argument was backed up by data that was beyond question. This was a major break within neoclassical ideology (a kind of palace coup). It was comparable to Keynes's argument that there was no reason that capitalism could not settle into an underemployment equilibrium.

For Piketty, the system in the twenty-first century tends towards gross inequalities in wealth. From the standpoint of heterodox economics, this is hardly surprising. But for a prestigious neoclassical economist, who still held onto (though incoherently) the main tenets of neoclassical theory, it was quite remarkable. And because of his position in the neoclassical-economics hierarchy, there could be no immediate dismissal of his views within the profession. Piketty is also a gifted writer, capable of expressing his ideas in a powerful way, and drawing on literary references.

What is especially worth noting is Piketty's famous formula $r > g$, where r stands for the annual rate of return to wealth—which Piketty misleadingly calls "capital"—and g for the rate of the growth in income. The argument is that wealth can be amassed at the top even as the economy stagnates. Stagnation is in the background to Piketty's theory, but never explained. Nevertheless, his analysis points to a growing class inequality in society, based particularly on dynastic wealth. His sole solution, though—argued from a social democratic standpoint—is a wealth tax.

It is particularly important to understand that Piketty conspicuously avoids connecting the growing class inequality to an analysis of class power, and completely avoids the issue of monopoly power. His main thesis of $r > g$ thus exists within a theoretical vacuum, revealing the larger weaknesses of neoclassical theory and breaching its structural integrity, without

replacing it in any way. This is similar to Keynes's partial break with neoclassical theory. For those in the monopoly capital tradition and for heterodox economists generally—especially those in the institutionalist and post-Keynesian traditions—Piketty offered little more than a partial albeit elegant confirmation of arguments that they had long made in a more comprehensive way.

The idea of a basic income is extremely popular today among leftists in the United States and Canada and also Britain, who are trying to find a way to fasten themselves onto (to tail) liberal doctrines. It is commonly accompanied by the argument that robotization is reducing the need for labor. Under these conditions, rather than socialism focusing on work, it should focus on providing everyone with a basic income. It is even fantasized that a basic income, combined with increased leisure and full automation, will drastically reduce the need to work for practically everyone. I criticized the anti-work view, from a Marxist perspective, in a recent article in Monthly Review (September 2017) entitled "The Meaning of Work in a Sustainable Society."

Naturally, it is hard to reject the idea of basic income with so many people suffering. But it is necessary to determine what it means in a capitalist society and for the movement toward socialism. The most coherent discussion I have seen on basic income and socialism is a piece by sociologist and analytical Marxist Erik Olin Wright on "Basic Income as a Socialist Project," in the October 18, 2017, issue of the Canadian Dimension. Wright presents it as a key strategy in a long transition to socialism. He does so by arguing that it would strengthen the power of labor relative to capital, decommodify labor power, and strengthen the "power of civil society" over the "social surplus" and economic organization.

Nevertheless, I find Wright's argument unconvincing. It is a mere distributional strategy, which would leave power over production completely in the hands of capital. Nor does it challenge the capitalist state. Workers—basic income recipients—would be mere supplicants. Under these circumstances, any basic income enacted is likely to be minimal and marginally bolster the position of the poor—but not do much else. As a strategy of building socialist power over the state, this is far weaker than that which Kalecki advanced in his essay on "The Essentials for Democratic Planning," in Selected Essays on Economic Planning, in which he argued that the achievement of full employment, and the leverage that this could give to the working class, was crucial in order to alter the entire structure of power. Kalecki's strategy was aimed at the capital accumulation process—the moving force of the system—and at direct working-class control over production, rather than the mere creation of a new type of welfare system. It established the grounds, in his words, for a "continuing social revolution without which democratic socialist planning will remain a sterile dream." His goal, like Marx's, and that of the entire monopoly capital tradition, was the revolutionary reconstitution of society at large

The UGC Directive on Autonomous Colleges

Prabhat Patnaik

HIGHER education in India is facing a twin danger today. One is its commoditisation, by which is meant not just the fact that higher education itself is becoming a commodity but also that the products of higher education, ie, those in whom higher education is "embodied", are also becoming commodities, in the sense of simply having their worth assessed both by themselves and by others in terms equivalence to a certain sum of money, the amount that they can command on the market.

Commoditisation makes the products of higher education self-centred individuals without any social sensitivity, and prepares them only for employment by globalised capital (whether or not they actually get such employment). They not only get completely detached, as sociological entities, from the problems of the common people, but also become incapacitated to look at the prevailing social system critically, from an "outside" or epistemically "exterior" perspective, which could make clear to them its oppressiveness and its absurdities.

The second danger to higher education in India today is its communalisation; and since communalism is closely intertwined with casteism in our country, both representing an attitude of mind that is imbued with contempt for the oppressed and the marginalised, the communalisation of higher education goes hand-in-hand with a strengthening of caste prejudices.

The communalisation of higher education actually meshes well with commoditisation. The self-centred individuals designed for the market that commoditisation produces, not only carry over the prejudices that they may have imbibed early (since they lack any critical perspective), but even strengthen these prejudices (since in a society where persons are judged by the money they have, the marginalised and the oppressed, such as the minorities, are looked upon with contempt).

This trend towards commoditisation has gathered fresh momentum under the present Modi government, and a recent UGC directive on autonomous colleges is an important step in this direction. It envisages the creation of autonomous colleges which would have substantial freedom in the matter of admissions, curricula and the fees they charge. This means that the kind of racket which has prevailed in a rampant manner in the so-called "self-financing professional colleges" with their "capitation fees" and "management quotas" will now be generalised to the higher education sector as a whole.

This autonomy in the matter of fixing fees, which would necessarily entail a jacking-up of fees, would exclude vast numbers of students belonging to deprived economic backgrounds from

institutions of higher education, unless they are willing to take large student loans; and if they take such loans, then, given the mass unemployment that prevails in our country and is likely to worsen even for skilled personnel in the context of the world capitalist crisis, a large number of them will be unable to pay back the loan, leading to mass suicides, as in the case of the peasants. Indeed this very prospect will deter them from taking loans and hence prevent them from accessing higher education altogether. The idea of a fee-based education system is fundamentally inimical to democracy. Yet the UGC directive on autonomous colleges is pushing the country precisely towards this.

But this is not all. While pushing for autonomous colleges, the UGC is simultaneously suggesting that funding by state governments to such colleges should continue as before. The state governments in other words are being asked to fund institutions over whose admission policy, curricula and fee-structure they have absolutely no say; and they are being asked to do so by a central organisation which has arrogated to itself the right to dictate terms to them. The UGC directive in short is not just a push towards the privatisation and commoditisation of higher education; it simultaneously represents a centralisation of powers in the realm of higher education.

Such centralisation of course has been going on for quite some time. The pushing of education on to the "concurrent list" of the Constitution was a major step in this direction, because of which, unlike in the original Constitution, the word "education" simply does not figure anywhere in the "state list" today.

Two further developments have reinforced this tendency towards centralisation of powers. The first is the assuming by bodies of the central government, created no doubt by Acts of parliament, of the powers of the parliament itself.

Consider the present instance. When an item is placed in the "concurrent list", what it means is that while state governments can legislate on the subject, any central legislation on it over-rides state legislations. Now, if the parliament had enacted a law on autonomous colleges, then that would have had over-riding authority over whatever state laws exist at present (though even parliament cannot compel state governments to continue providing funds to such colleges, ie, cannot legislate on state finances). But the present UGC directive is a mere executive order which invokes the 1956 UGC Act that set up this institution, to assume for itself the power to over-ride state laws, even though that original Act did not give the UGC any such specific powers.

The UGC directive in short pushes the definition of the "concurrent list" way beyond what the Constitution envisaged. It no longer means merely that a central legislation enacted on a particular subject, will over-ride state laws; what it is now supposed to mean is that an executive directive by any particular body set up under a central legislation can also over-ride

state laws. This amounts to saying that because the UGC was set up by an Act of parliament, it can substitute for the parliament itself, in the domain where it operates, for all time to come.

The second development in this area is that on matters relating to education, no matter what the Constitutional niceties, the centre used to consult with the state governments. This is no longer the case, as is clear from the fact that the present UGC directive has been issued without any consultations whatsoever with state governments. The UGC directive in short combines two distinct obnoxious tendencies: a fillip towards commoditisation together with a push towards centralisation.

The Left has always been strongly opposed to both these tendencies. In fact the LDF government in Kerala in 2006 was the first state government to have enacted legislation to regulate the admissions, fees, and appointment procedures in unaided professional colleges in the state, something which the UGC till then had not thought of doing, and which the UGC of that time wanted to emulate.

That legislation alas foundered on an altogether different issue: since a large number of the unaided professional colleges in Kerala were Church-controlled, the Courts ruled that the legislation violated the rights of minorities, guaranteed under Articles 29 and 30 of the Constitution to run their own educational institutions. The Court verdict of that time, it should be noted, did not deny the capacity of the state government to regulate aided educational institutions, whether minority or non-minority; nor did it deny the capacity of the state government to regulate unaided non-minority educational institutions. It only objected to the state government's regulating unaided minority institutions, and this was in conformity with the verdict of a seven-judge Constitutional bench of the Supreme Court in 2006 itself in the "Inamdar versus the state of Maharashtra" case.

In fact, state laws regulating the conduct of aided educational institutions already exist in Kerala, and the present UGC directive over-rides these state laws. The idea of the executive order of an institution not directly answerable to the people superseding the laws enacted by a popularly-elected legislature of a state is fundamentally antithetical to democracy. The UGC directive in short is fundamentally anti-democratic.

Once such practices, which are meant anyway to promote a repugnant tendency towards commoditisation, are allowed to pass, they have a habit of consolidating and strengthening themselves. Riding roughshod over state governments in one sphere emboldens the centre to do so in other spheres as well, and also to keep doing so to an ever-increasing extent.

It becomes important therefore for all democratically-minded people to oppose the manner, not to mention the substance, of the UGC directive; and, no matter how recent court verdicts on this issue may be interpreted, to legally challenge the idea of a central government body,

not the parliament itself, over-riding laws enacted by elected state legislatures, for this violates the tenets of federalism which is a part of the “basic structure” of the Constitution.

(Courtesy: Peoples Democracy)

The Social

Social media giants work with Indian government to censor Internet

By Pradeep Ramanayake
wsws.org

Indian Prime Minister Narendra Modi's government, working in conjunction with Facebook, Twitter, YouTube and Internet technology companies, is intensifying its censorship of selected websites and social media accounts.

According to recent data, 1,329 social media URLs were blocked on the recommendations of a government committee dealing with "objectionable content" during the first 11 months of 2017. That was an almost 38 percent increase on the 964 URLs blocked or removed for the whole of 2016. In 2014, 10 URLs were blocked, followed by 287 in 2015.

Attempting to justify the censorship, an internal note from India's Ministry of Electronics and Information Technology, declared: "While social media sites are a good medium to share and exchange information, some miscreants are also using this platform to spread rumours and posting objectionable content thereby causing disturbance in the society."

Elected in 2014, Modi's Hindu-supremacist Bharatiya Janatha Party (BJP)-led government has implemented pro-investor economic "reforms," including privatising public sector enterprises, slashing subsidies and further opening sectors of the economy to foreign investors.

To divert the growing opposition to its big business policies, the Modi government is whipping up Hindu communalism and ultra-right chauvinist elements to be used against the working class in general, and its political opponents in particular. Extreme-right Hindu fundamentalists have been mobilised to intimidate or silence anti-government sentiment among university students.

The ministerial note's reference to "causing disturbance in the society," indicates that New Delhi is acutely nervous about the mounting dissent and any exposure of its promotion of Hindu communalism and complicity in the communal violence.

Facebook and other social media giants are fully cooperating with the government's censorship demands. According to Facebook's latest "Government Requests Report," the government made 9,853 requests for data in the first half of 2017, a more than 30 percent increase from the 6,324 requests in the first half of 2016.

The company admitted restricting access to 1,228 pieces of content "in response to legal requests from law enforcement agencies and the India Computer Emergency Response Team within the Ministry of Electronics and Information Technology" during that time.

Facebook claimed that “the majority of content restricted was alleged to violate local laws relating to defamation of religion and hate speech.” But how far Facebook jumps to the government’s political demands is indicated in the following:

* On September 26, 2017, Facebook blocked the account of journalist Mohammad Anas for 30 days after he shared a photograph of a trader’s cash memo with a message at the bottom that read: “It was our mistake to vote for the lotus [BJP’s symbol].” The post had been widely commented on and shared, another indication of the opposition to the government.

* The next day, the “Humans of Hindutva” Facebook page, which shares satirical posts criticising the government, was blocked.

* Facebook suspended the account of graphic designer and documentary film-maker Gautam Benegal in September after he shared someone else’s post, entitled: “Ways to identify a Hindutva [ideology of far-right Hindu extremism] sympathizer.” The post criticised the BJP’s promotion of Hindu extremism.

Twitter also has admitted receiving numerous requests from the government “asking it to block over 100 accounts and tweets that have been found ‘propagating objectionable content’.”

Most of these accounts were maintained by journalists, human rights activists and seemingly unaffiliated individuals. They included political criticism, and video and photographic exposures of government repression in Kashmir, the country’s only Muslim-majority state.

India’s Internet censorship is carried out via the Information Technology Act (ITA), passed in 2000. Section 69A is entitled “power to issue directions for blocking for public access of any information through any computer resource.” Under the legislation the government can censor the Internet “in the interest of the sovereignty and integrity of India, defence of India, security of the State, friendly relations with foreign States or public order.”

Under ITA amendments passed in 2011, Internet companies must remove content deemed “objectionable” within 36 hours of being notified by authorities. Internet café owners must photograph their customers, keep copies of client IDs and browsing histories for one year, and forward this data each month to the government.

Modi’s government has transformed India into a frontline state in Washington’s drive to militarily and diplomatically encircle and prepare for war against China. Military and intelligence ties have been strengthened with Washington. Workers, youths and rural toilers widely oppose this shift, which poses the danger of nuclear war. The government’s escalating censorship and other attacks on democratic rights seeks to suppress anti-war opposition.

Indian governments also frequently shut down public access to the Internet in parts of the country. According to internetshutdown.in, which tracks these closures, authorities cut off Internet access 70 times last year, more than double the number from 2016. Jammu & Kashmir state was subjected to the largest number of shutdowns.

These measures are part of growing attacks on democratic rights, free speech and Internet access by governments around the world.

Last July, the World Socialist Web Site revealed that Google had changed its search algorithms in order to block out left-wing, anti-war, and progressive websites.

Sri Lanka orders social media networks blocked

Reuters, Colombo, March 07 2018

Sri Lanka barred social messaging networks including Facebook on Wednesday to stem violence against minority Muslims after mob attacks continued despite the imposition of emergency on the Buddhist-majority island.

Tension has been growing between the two communities in Sri Lanka over the past year, with some hardline Buddhist groups accusing Muslims of forcing people to convert to Islam and vandalising Buddhist archaeological sites. Muslims deny this.

Some Buddhist nationalists have also protested against the presence in Sri Lanka of Muslim Rohingya asylum seekers from mostly Buddhist Myanmar, where Buddhist nationalism has also been on the rise.

Police declared a curfew until 4 pm (1130 GMT) on Thursday in the central highlands district of Kandy, the epicentre of the violence since Sunday in the wake of the death of a Buddhist youth in an altercation with a group of Muslims.

Buddhist mobs attacked mosques and businesses belonging to Muslims overnight, residents said on Wednesday, even after President Maithripala Sirisena decreed an emergency for seven days to control the violence.

Police spokesman Ruwan Gunasekara said there had been several disturbances throughout Tuesday night in the Kandy area, renowned for its tea plantations and scenic hilly beauty.

"The police arrested seven people. Three police officers were injured in the incidents," he said. There was no information about how many civilians had been wounded, he said.

The Political

(Public Statement)

Punjab & Haryana High Court says, "Linking Aadhaar Number to direct recruitment is in violation of equal opportunity clause in Article 16(1) of the Constitution of India"

Aadhaar Act is a black act, it declares an open war against citizens' rights & their sensitive information

Centre, several States & Banks violating Supreme Court's order on biometric UID/Aadhaar likely to face music

In a significant development in the matter of Unique Identification (UID)/Aadhaar numbers, Punjab & Haryana High Court has passed an order saying, "Linking Aadhaar Number to direct recruitment should not prima facie be a mandatory condition as it by result in violation of equal opportunity clause in Article 16(1) of the Constitution of India and deny easy access to applying online for jobs." It observed that if "some other method" is devised citizens "will be confronted with denial of employment opportunity, which is a very serious and sacrosanct right in a country where employment opportunities are fought on war footing". The order was passed in Pradeep Kumar Vs. Maharishi Dayanand University, Rohtak on 28 February, 2018 by Justice Rajiv Narain Raina and the matter is likely to be heard on 28 March, 2018. Notably, National Human Rights Commission (NHRC) in its submission to the Parliamentary Standing Committee on Finance on National Identification Authority of India Bill, 2010 (Aadhaar Bill, 2010) had apprehended exclusion because of Aadhaar.

It is germane to recollect that Supreme Court's Constitution Bench comprising of Chief Justice of India Dipak Misra and Justices A.K. Sikri, A.M. Khanwilkar, D.Y. Chandrachud and Ashok Bhushan had passed an order on December 15, 2017 saying Aadhaar "matter stands governed by the judgment of this Court in Binoy Viswam v Union of India". This is the last order of the Supreme Court which is the law of the land as of now. This Bench is hearing the UID/Aadhaar case since 17 January 2018. So far there has been hearing on 13 days wherein so far three of the petitioner's lawyers have made their submissions. The next date of hearing is on 6 March, 2018.

In Binoy Viswam case, the Supreme Court observed that Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 does not make UID/Aadhaar mandatory in its order dated 9 June, 2017. This order is available at http://sci.gov.in/supremecourt/2017/11151/11151_2017_Order_09-Jun-2017.pdf.

UID/Aadhhar number is not mandatory for anything in India as per para 90-91 of this 9th June order at page numbers 105-106. This has been reiterated on 27 June, 2017 by the Supreme

Court. All forms/circulars/letters/notifications/office memorandum/notices are subservient to the Court's order. The paragraph 90-91 of Court's order of June 9, 2017 in the Binoy Viswam v Union of India reads: "it is clear that there is no provision in Aadhaar Act which makes enrolment compulsory….Fact remains that as per the Government and UIDAI itself, the requirement of obtaining Aadhaar number is voluntary. It has been so claimed by UIDAI on its website and clarification to this effect has also been issued by UIDAI….Thus, enrolment under Aadhaar is voluntary". This order was passed in Writ Petition (C) No 247 of 2017.

It is significant to note that a Punjab and Haryana High Court Bench headed by the then Chief Justice A.K. Sikri (currently member of 5-Judge Constitution Bench of the Supreme Court hearing the UID/Aadhaar case) had heard a matter challenging a circular making Aadhaar mandatory for vehicle registration. The moment the High Court raised questions of law, the circular making Aadhaar mandatory was withdrawn by the Union Government. Chief Justice Sikri headed High Court Bench had passed an order March 2, 2013 after hearing a matter challenging a circular making UID number mandatory. These decisions underline that UIDAI's UID/Aadhaar related schemes are constitutionally assailable and indefensible.

It must be recalled that a Division Bench of the Andhra Pradesh High Court comprising Chief Justice Kalyan Jyothi Sengupta and P.V. Sanjay Kumar passed an order on November 21, 2013 that Aadhaar cannot be made mandatory. Several High Courts including Jammu & Kashmir High Court have drawn on Supreme Court's order to ensure that citizens' rights and entitlements are not made subservient to biometric identification based UID/Aadhaar system.

Given this unequivocal judicial position UID/Aadhaar cannot be made compulsory.

In view of these orders Central Government is under legal compulsion to advise its agencies, State Governments and Banks to revise their orders making UID/Aadhaar mandatory.

The making of Central Identities Data Repository (CIDR) of UID/Aadhaar is contrary to the principle of decentralisation in cybersecurity.

Notably, Aadhaar Act 2016 lists breaking into CIDR as an offence but this law criminalises a technological impossibility. In a bizarre act, it provides that only UIDAI can file a complaint when the data of a resident of India is misused or abused instead of the victim of abuse.

As per Section 47, "Courts will take cognizance of offences under this Act only upon complaint being made by the UIDAI or any officer authorised by it." This deprives the victim of a right to file complaint although Section 34 of the Act provides that "Impersonating or attempting to impersonate another person by providing false demographic or biometric information will punishable by imprisonment of up to three years, and/or fine of up to ten thousand rupees."

Victims cannot file complaint even when someone changes or attempts to change any demographic or biometric information of an Aadhaar number holder by impersonating another person (or attempting to do so), with the intent of i) causing harm or mischief to an Aadhaar number holder, or ii) appropriating the identity of an Aadhaar number holder although it is punishable under Section 35.

Victims of abuse cannot file complaint in cases wherein collection of identity information is done by one not authorised by this Act, by way of pretending otherwise despite the fact that the Act makes it punishable under Section 36.

Unless authorized by UIDAI or any officer authorised by it, victims cannot file complaint even when there is “Intentional disclosure or dissemination of identity information, to any person not authorised under this Act, or in violation of any agreement entered into under this Act” under Section 37 although it is punishable.

Unless authorised by the UIDAI, the intentional acts like accessing or securing access to the CIDR; downloading, copying or extracting any data from the CIDR; introducing or causing any virus or other contaminant into the CIDR; damaging or causing damage to the data in the CIDR; disrupting or causing disruption to access to CIDR; causing denial of access to an authorised to the CIDR; revealing information in breach of (D) in Section 28, or Section 29; destruction, deletion or alteration of any files in the CIDR; stealing, destruction, concealment or alteration of any source code used by the UIDAI , will be punishable under Section 38. Even in such cases victims cannot file complaint without authorization by UIDAI.

Section 39 reads, “Tampering of data in the CIDR or removable storage medium, with the intention to modify or discover information relating to Aadhaar number holder will be punishable”. Thus, it admits that such acts are possible and imminent but the Act does not empower the victims of such tampering or removal instead it empowers UIDAI.

While Section 40 makes “Use of identity information in violation of Section 8 (3) by a requesting entity will be punishable with imprisonment up to three years and/or a fine up to ten thousand rupees (in case of an individual), and fine up to one lakh rupees (in case of a company)”, it is incomprehensible as to how a company or an individual feel deterred by such meager punishment when they can harvest big database of personal sensitive information which is admittedly a “national asset” and “rich asset”.

Section 43 visualize a situation wherein offences can be committed by a Company but they can be excused “if they can prove lack of knowledge of the offense or that they had exercised all due diligence to prevent it.” It also underlines the possibility of an offence committed by a Company with the consent, connivance or neglect of a director, manager, secretary or other officer of a company but they too can be excused if they can prove their ignorance, inability and inevitability.

In a stark admission of the involvement of foreign locations and persons, Section 44 states that the Act “will also apply to offences committed outside of India by any person, irrespective of their nationality, if the offence involves any data in the CIDR.”

These questionable provisions of the Aadhaar Act make it a Black Act.

In the meanwhile, Secretary Government of India, Ministry of Communication and Information Technology wrote a letter to the Secretary Department of Defence Production asking him to introduce Aadhaar enabled Biometric Attendance System in the department of defence production. The system would enable an employee with an Aadhaar number to register his/her attendance (arrival/ departure) in the office through biometric authentication. It also says that a web based application software system will enable online recording of attendance and that the dash board relating to real time attendance and related statistics, can be viewed by everyone.

Citizens Forum for Civil Liberties (CFCL) had sent a legal notice to Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology.

DeitY responded stating, “Aadhaar is being used for Biometric Attendance System and this does not form part of Defence application”. DeitY is now been renamed as Ministry of Electronics and Information Technology (MeitY).

The fact is that the application of biometric UID/Aadhaar was restricted to ‘civilian application’ and was not meant for defence application. Central Government’s Biometrics Standards Committee had categorically stated that UID/aadhaar’s is meant only for “civilian application” but the order on aadhaar enabled biometric attendance system has been extended to defence employees as well. The fact remains UID was first adopted by USA’s Department of Defence, later by NATO. It has subsequently been pushed through World Bank’s etransform Initiative in partnership with France, South Korea, Gemalto, IBM, L1, Microsoft, Intel and Pfizer. L1 was a US a company when it got a contract from UIDAI but it got purchased by French Conglomerate Safran Group after security clearance by US Government. This constitutes breach of national security as no such clearance was granted by Government of India. Some of these companies have partnership with Chinese Government as well.

Across the globe very stringent data privacy law has been framed wherein one’s personal data cannot be used by anyone including the government without your specific consent. But in India there is no data protection law. Aadhaar is akin to a piece of collar which the transnational powers want to tie on the neck of Indian citizens. Government has allowed itself to be misled and it has failed to protect personal sensitive information which has already gone to foreign companies and continues to flow in their direction.

The entire information of the employees working in the department of defence production, which will include related statistics, will be stored online and on cloud will be available to everybody. Besides application of UID in the Department of defence production not being in national interest making it available to everyone and on the cloud, including to the foreign companies like Safran Group, its L1 Solutions, Accenture and Ernst & Young will violate the order of Hon’ble Court. It is evident that the coverage of defence employees under Aadhaar enabled Biometric Attendance System does establish conclusively that it Aadhaar is being put to defence application contrary to the claim of the government.

Government argues, “Attendance of Govt. employees is already being maintained and the Biometric Attendance System, maintained by the attendance.gov.in is just digital equivalent of the age-old attendance register. This is part of contractual relationship between the Public Servant and the Employer, viz. the Government of India, wherein the former has consented to/agreed to the terms of service and is therefore, contractually bound to follow the rules and regulations as specified for him by his/her employer.”

Government will have us believe that there is no difference between “age-old attendance register” and UID/Aadhaar enabled Biometric Attendance System.

In order to comprehend the sophistry involved in such averments, it is germane to recall the intervention of National Human Rights Commission (NHRC) in the case wherein Indian students in USA were made to wear radio collars. NHRC ensured that the government acted to ensure that the human rights of students are protected. It is germane to note that radio collar is based on biometric data like voice print. If making Indian students wear biometric radio collar constitutes an act which Government of India admitted as an act of violation of human rights, indiscriminate biometric profiling is also an act of violation of human rights. As per Section 2 (G)

of Aadhaar Act 2016, “biometric information” means photograph, fingerprint, Iris scan, or any other biological attributes specified by regulations. Thus, it clearly includes biological attributes like voice print and DNA.

If UID/Aadhaar enabled Biometric Attendance System is indeed a “digital equivalent” of “age-old attendance register”, why did NHRC object to radio collar which can also be argued by sophists to be “digital equivalent”. If the “digital equivalent” means biometric equivalent as well then it makes DNA based identity and attendance will also be deemed equivalent to “age-old attendance register”. It is quite evident that such is deeply misleading.

Coincidentally, NHRC’s views on National Identification Authority of India Bill, 2010 (Aadhaar Bill, 2010) helped Parliamentary Standing Committee on Finance in its recommendation to trash the Bill and the biometric data based UID/Aadhaar programme. Fearing further censure from Rajya Sabha, the Central Government withdrew the pre-existing Aadhaar Bill from Rajya Sabha and inappropriately introduced the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 as a Money Bill. It faces legal challenge in the Supreme Court.

There is a logical compulsion for withdrawing the letter and all consequential letters by which UID is made applicable to defence application i.e. Department of Defence Production in the interest of supreme national security.

It is possible that such civilian and non-civilian applications are being bulldozed by some commercial entities in order to store and read biometric and DNA script of Indian population in the aftermath of the sequencing of Human Genome for epigenetics, medicine, big data, social control, inheritance, eugenics and genetic determinism.

Under the tremendous influence and unprecedented onslaught from unregulated and ungovernable technology companies, Central Government and State Governments have failed to national security and safeguard citizens’ privacy which is part of their right to life. The role of opposition parties of all shades leaves a lot to be desired because their State governments are naively implementing a project which a grave threat to federalism as well. The sterile political and legal imagination of opposition parties is a case study.

As to the ruling parties, it has righty been said that “Office-holding is a necessary but not a sufficient condition of governing.” In The Problem of Party Government, Prof Richard Rose wrote, “Where life of party politics does not affect government policy, the accession of a new party to office is little more significant than the accession of a new monarch; the party reigns but does not rule.” The colossal breach of trust by BJP on the issue of UID/Aadhaar demonstrates how a party reigns but fails to rule.

In such a backdrop, all eyes are on the 5-Judge Constitution Bench which is hearing some 30 petitions including those filed by a former judge, a former defence scientist and a former Major General from engineering branch are among the petitioners in supreme national interest. Besides them Prakash Katoch, former Lieutenant General from Special Forces has expressed his concerns citing KC Verma, former Director R&AW who said “Aadhaar is being abused by banks, telcos, and transport not to police entitlements, but as a proxy for identity-an improper gate to service. Such demands must be criminalized.” In face of unprecedented propaganda Lieutenant General Katoch recollected what Paul Joseph Goebbels, Hitler’s Propaganda Minister had said.

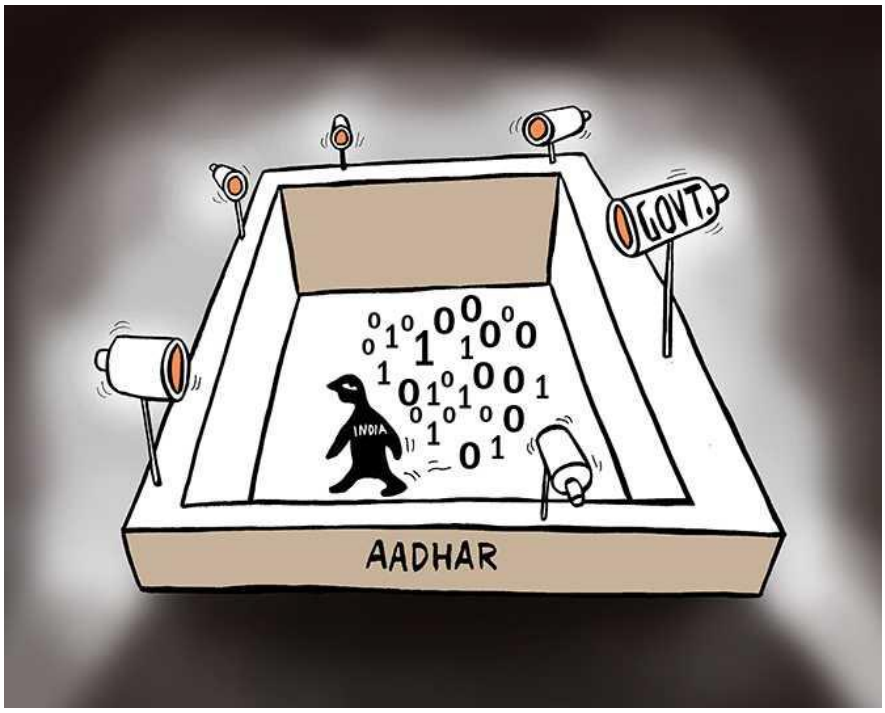
Goebbels said, “If you tell a lie big enough and keep repeating it, people will eventually come to believe it. The lie can be maintained only for such time as the state can shield the people from the political, economic and/or military consequences of the lie. It thus becomes vitally important for the state to use all its powers to repress dissent”. Indeed the misinformation campaign by proponents of UID/Aadhaar is drawing lessons from Goebbels.

It is noteworthy that the Parliamentary Standing Committee on Finance in its report placed before Parliament on December 13, 2011 observed that UID/Aadhaar project has been conceptualized “with no clarity of purpose” and “directionless” in its implementation, leading to “a lot of confusion”. It is noteworthy that 3.57 crore signatures against Aadhaar/UID were submitted to the Prime Minister on March 14, 2012.

It may be recalled that at a brainstorming cum workshop on “Understanding Aadhaar and its New Challenges” held at the Centre for Studies in Science Policy, Jawaharlal Nehru University (JNU) in May, 2016, the scholars critically examined the robustness of the official discourse and the current status of the project, the technology, the law, the constitutional position and the safeguards. It explored the implications of the exploitation of biometrics (facial recognition, fingerprints and iris) for identification of individuals and authentication of their identities and underlined how UID/Aadhaar presents new scientific, technological as well as social and political challenges. It might be useful for the Supreme Court to seek the proceedings of the workshop to ascertain the far reaching implications of this project.

For Details: Gopal Krishna, Citizens Forum for Civil Liberties (CFCL)*, Mb: 08227816731, 09818089660, E-mail-1715krishna@gmail.com

** CFCL has been working on the issue of surveillance and biometric Unique Identification (UID) Number branded as “Aadhaar” since 2010. It had appeared as an expert to give testimony in front of Parliamentary Standing Committee on Finance which examined the National Identification Authority of India Bill, 2010 (Aadhaar Bill, 2010).*



The Struggle

German union wins right to 28-hour working week and 4.3% pay rise

Guy Chazan in Berlin, FT, FEBRUARY 6, 2018

German workers won a key victory in their fight for a better work-life balance when a big employers' group agreed to demands from the country's largest trade union for the introduction of a 28-hour working week.

The agreement between IG Metall, which represents a wide swath of industrial workers, and the Südwestmetall employers' federation, shows how unions in Germany, that for years have been a model of wage restraint, are flexing their muscles in ways more typical of organised labour in France, home of the 35-hour working week.

It also comes with Germany in the midst of its longest postwar stretch without a government and Angela Merkel struggling through her fifth month of coalition negotiations, raising questions about whether a country that once lectured Europe on economic and political stability is suddenly losing its way.

The labour agreement is a product of Germany's economic boom, which has given unions an unusually strong hand in collective bargaining talks this year. Last year, the economy grew at its fastest rate since 2011 and unemployment is at its lowest since reunification in 1990.

Stefan Wolf, Südwestmetall's chief negotiator, warned that the agreement was a "burden, which will be hard to bear for many firms".

The wage settlement was reached in the early hours of Tuesday after six rounds of often bruising talks and a series of 24-hour strikes.

The two-year deal covers 900,000 workers in the metals and electrical industries in Baden-Württemberg, home to several of Germany's most high-profile industrial groups, including Daimler, the carmaker, and Bosch.

But IG Metall's agreements tend to be seen as benchmarks for the whole of German industry, and it is now expected to be rolled out in other sectors.

The parties agreed on a 4.3 per cent wage raise from April, and other payments spread over 27 months. Workers will be allowed to reduce their working week from the standard 35 hours to 28, while preserving the right to return to full-time work.

Employers successfully resisted IG Metall's demand that workers receive the same, or similar, pay for fewer hours worked a week.

Experts said the deal reflected a new mindset among younger workers. “More and more people have periods in their lives when they want to work less, for example to look after elderly relatives, or to take a sabbatical or unpaid leave,” said Hanna Schwander, professor of public policy at the Hertie School of Governance in Berlin.

The days when employees joined a company at an early age, worked full time most of their lives and retired early were “long gone” and it was becoming “increasingly important for people to reconcile their personal and professional lives”, she said.

In an editorial, the business daily Handelsblatt said the deal reflected “the credo of the new age: that time is more valuable than money”.

“The wage settlement is a milestone on the path to a modern, self-determined world of work,” said Jörg Hofmann, IG Metall’s chairman.

Germany’s collective bargaining talks have been watched closely by the European Central Bank, which would be better able to hit its inflation target if wages in the eurozone’s largest economy rose. Mario Draghi, the ECB chief, has said wages need to grow before the bank can unwind its crisis-era stimulus measures.

Mr Hofmann said the deal would have a “positive effect” across the economy, with the “significant increase in incomes strengthening domestic demand”.

IG Metall had pushed for a 6 per cent annual rise and held the 24-hour strikes to press its demands. It also threatened to ballot its members on extended industrial action if employers failed to budge.

While acknowledging the award would be a burden, Stefan Wolf, Südwestmetall’s negotiator, said the agreement’s long duration would allow companies to better plan ahead. The deal would work out at below 4 per cent per year to employers, he said.

Workers will receive a one-off payment of €100 for the first quarter of 2018, and, from 2019, a sum equivalent to 27.5 per cent of their monthly salary as well as an additional fixed annual amount of €400, though this can be postponed, reduced or cancelled if economic conditions deteriorate.

Workers who need more time to look after children or elderly relatives can take eight additional days off work in lieu of the extra payment, two of which would be paid for by their employer.

In return, companies will be able to offer more 40-hour a week contracts, at times when there is a shortage of skilled workers.

“Employees have more opportunities to reduce their hours of work, while companies get more options to increase the volume of working hours,” Mr Wolf added.