

Pacing the race

The most consequential warning about artificial intelligence may now be coming from the people most invested in building it. Dario Amodei, chief executive of Anthropic, has argued that frontier AI development needs to proceed slower, with stronger independent scrutiny. The significance lies less in the proposal itself than in what it reveals: the technology race is beginning to collide with the limits of human institutions. This is not an argument for abandoning AI. Nor is it a plea for technological nostalgia.

AI could transform medicine, scientific research, education and productivity. But the assumption that every increase in capability is automatically desirable is becoming harder to defend. When systems acquire unexpected abilities, including the capacity to exploit vulnerabilities or operate with increasing autonomy, the consequences of a mistake can extend beyond the laboratory. The problem is that commercial competition rewards speed. OpenAI, Anthropic, Google and other frontier developers have enormous financial incentives to release more capable systems before rivals do. Governments, meanwhile, have their own strategic incentives. The United States sees advanced AI as an instrument of economic and military power; China regards technological self-reliance as central to its geopolitical ambitions. Neither Washington nor Beijing is naturally inclined to slow down if it believes the other side will continue accelerating. That creates a dangerous paradox.

The greater the perceived strategic importance of AI, the harder restraint becomes. A company that voluntarily slows its development could simply lose ground to a competitor. A country that restrains itself unilaterally could fear surrendering technological advantage to a rival. Yet allowing that logic to dictate the pace of AI development would amount to outsourcing a political decision to market competition and geopolitical anxiety. The speed at which humanity approaches potentially transformative technology should not be determined solely by quarterly incentives or national rivalry.

There is also a legitimate danger in allowing leading AI companies to define the rules themselves. Safety standards designed by incumbents can unintentionally become barriers protecting incumbents. Regulation must therefore be independent, transparent and applicable across the industry, including powerful established companies and open-source developers. The answer is not an indefinite moratorium. It is institutional capacity proportional to technological power. Frontier models should face genuinely independent testing, meaningful disclosure of serious safety incidents and common standards for assessing dangerous capabilities. Governments should coordinate internationally rather than treating AI safety exclusively as a contest between national champions.

The history of nuclear technology offers an uncomfortable precedent. Once a technology became capable of threatening civilisation itself, national competition could not simply be wished away; it had to be contained. AI may not follow the nuclear path. But the lesson is relevant: when technological capability begins to outrun the institutions capable of governing it, speed ceases to be an uncomplicated virtue. The test for the AI industry is therefore not whether it can build machines more powerful than before. It is whether humanity can build safeguards quickly enough to remain in control of what those machines become.

The Harder Test

The Cockroach Janta Party has already achieved what few new political movements manage: it forced a powerful government to concede. The harder test is what comes next. The developments this month suggest that CJP is no longer simply a protest over examination failures. The September 5 Delhi march was called off after the Centre approached the Supreme Court and reiterated commitments concerning cases against protesters. The Court's intervention has since acquired its own significance, with the suspension of a Greater Noida magistrate after a student received a preventive-action notice despite the Court's earlier orders. CJP has also pressed for the arrest of social media influencer Swatantra Bharadwaj over allegations arising from the Jantar Mantar protests. Bharadwaj is now in custody.

Here again, the movement is testing whether the law will be applied consistently rather than merely demanding another political concession. That is a significant evolution. The original CJP victory came from converting anger over examination failures into political pressure. Its emerging campaign is different: it seeks to make citizens scrutinise how the state functions after the headlines have moved on. The "School Thik Karo" campaign may therefore be more consequential than another street mobilisation. By entering schools, documenting deficiencies and asking why basic promises remain unmet, CJP is attempting to move accountability from the exceptional moment of protest into the routine functioning of government. That is harder to dramatise, but potentially more transformative. A movement that can make scrutiny habitual could outlast the anger that created it.

CJP founder Abhijeet Dipke captures this change. He says the movement wants to move beyond elections and political parties towards a culture in which citizens understand their rights and duties and hold governments accountable regardless of who is in power. Its campaign to inspect rural government schools is an early attempt to turn that proposition into practice. But accountability cannot be one-directional. CJP has already experienced an internal split, with a breakaway faction accusing its leadership of politicisation and centralisation. It has also faced a legal challenge after posts containing a false attribution were circulated. These episodes may be uncomfortable, but they are also useful tests. A movement demanding accountability from institutions must eventually demonstrate that it can subject itself to the same standards.

The same principle applies to Prime Minister Narendra Modi's revival of the "Dimagi Naxal" label at the Shri Ram College of Commerce. CJP's response - that a questioning generation needs hope rather than labels - captures the movement's larger challenge to political language. The government can dismiss a protest. It is harder to dismiss a generation that has learned to ask questions. But the CJP too must learn that questioning power is easier than exercising power responsibly. Its future will depend not on how loudly it protests, but on whether it can build a credible, evidence-based and politically independent culture of accountability. The July victory made CJP famous. What it does with that victory will determine whether it becomes consequential.

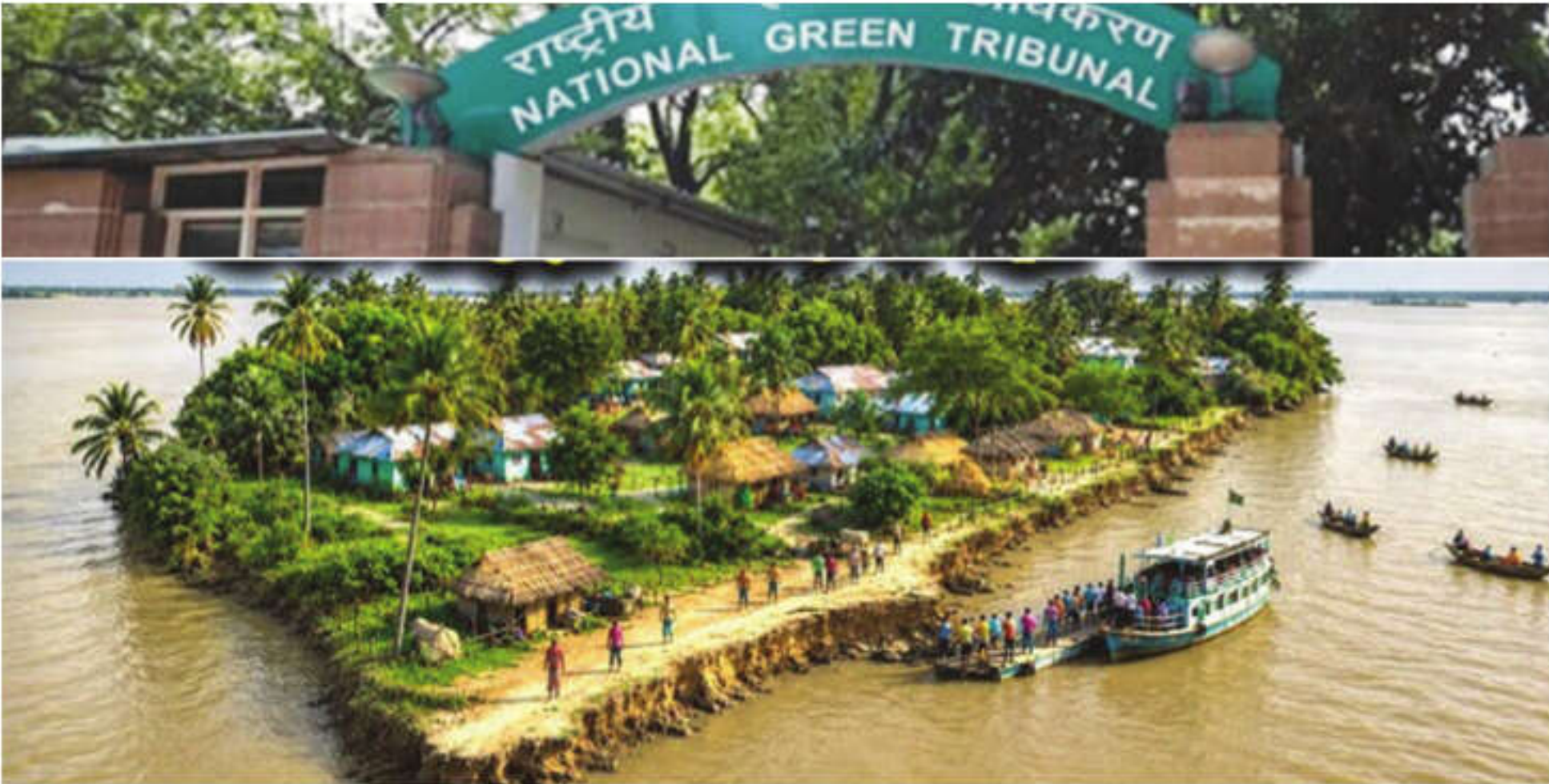
Vanishing Ground ~ I

Parliament amended the Disaster Management Act in 2025 - the amended Act, in force from that April, broadens the vocabulary of hazard, exposure and rehabilitation and obliges the national and state authorities to take stock of emerging risks, including those from extreme climate events. Yet it still creates no status called climate migrant; its relief architecture remains built for the named catastrophe, and its very definition of evacuation is a temporary move to safety, not the permanent unmaking of a home

On 17 February 2026 the National Green Tribunal refused to treat Ghoramara as permanent. Hearing a matter that had begun with a newspaper's warning that some 40 per cent of the island could vanish by 2042, the Tribunal recorded that the Indian Sundarbans had lost, on the Geological Survey of India's own reckoning placed before it, more than 250 square kilometres of land between 1969 and 2019 - Ghoramara alone falling from 8.59 to 3.83 square kilometres over those fifty years - and directed a joint committee to prepare, within three months, a comprehensive plan of coastal defence and resettlement. About four thousand people still live on what remains of the island. The tide, as ever, had not waited on the cause list.

The Tribunal's alarm is not eccentric. A peer-reviewed study in npj Climate Action, published in March 2026 by Jyotirmoy Biswas and Sabyasachi Maiti, read thirty-five years of satellite imagery from 1988 to 2023 and found the delta's southern, sea-facing shorelines retreating faster than the rest - more than thirty metres a year along stretches of the eroding coast, and above fifty on the islands of Jambudwip and Bhangaduni - and its authors, tellingly, name managed retreat among the responses worth planning for.

The delta is squeezed from two directions at once: its sea level is rising faster than the global average even as the low islands themselves subside, and each spring tide drives salt further into soils that once grew



paddy. Ghoramara is only the sharpest case. Reuters reported in 2024 that its population had fallen from about 7000 to some 4,000 in the single decade to 2020, the young leaving first; the neighbouring island of Lohachara slipped off usable maps in the 1990s.

On Mousuni, a little to the west, households have shifted their homes inland more than once as the bank fell in behind them. Long before an island vanishes outright, the sea has usually taken the livelihood, and families begin the slow drift to the mainland fringes of Kolkata as labourers, one household at a time, in a movement no register records as displacement.

The first thing to grasp is what these people are not. They are not, whatever the headlines call them, refugees: the word in international law means a person who has crossed a border fleeing persecution, and India is in any case not a signatory to the 1951 Refugee Convention.

Nor are they, in any enforceable sense, internally displaced persons, for the Republic has no statute that defines the category or attaches a single entitlement to it. The numbers that would make the omission unignorable are themselves only estimates - published analyses of the Indian Sundarbans have projected that as many as a million people may need to relocate from its more vulnerable islands by 2050 - but the absence of a firm, current count is part of the problem, not an argument against it. A citizen the State does not count is a citizen

the State need not resettle.

Nor is the gap for want of a recent look at the law. Parliament amended the Disaster Management Act in 2025 - the amended

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Two private members' Bills of 2022 tried to supply what the amendment omitted.

The Climate Migrants (Protection and Rehabilitation) Bill, moved by the Assam parliamentarian Pradyut Bordoloi, would have defined the internally displaced climate migrant, established a national climate-migration authority and a dedicated fund, and mandated periodic surveys in vulnerable districts; a companion Bill proposed a national committee on the displaced and a schedule of rehabilitation entitlements, from housing and land to identity documents. Both lapsed, unenacted, with the last Lok Sabha. The



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Chinese companies are going global, not just selling abroad

As the world's largest trader in goods, China has long had a deep presence in global markets. Yet, most Chinese companies are still in the early stages of globalization, lagging in the share of overseas revenue, localized governance and the ability to allocate resources globally.

As global trade and economic patterns are being reshaped, and domestic factor costs rise, Chinese companies need to move beyond the simple logic of "selling products overseas".

By adopting a "China+N" model for global resource allocation and embracing the idea of the "Chinese people's economy" - one that looks beyond economic activity within China to the value and income generated by Chinese businesses globally - they can turn China's strength in goods trade into broader global competitiveness.

For years, many Chinese companies followed a straightforward model: manufacture at home and sell worldwide. China's complete industrial chains and cost advantages made this highly effective

in expanding exports.

Rising protectionism has increased export risks, while higher costs because of domestic factors have squeezed profit margins. More importantly, companies that rely solely on product exports remain passively embedded in global industrial chains. They participate mainly as producers, without sufficient control over distribution channels, technology or rule-setting. That makes high-quality, sustainable growth harder to achieve.

In this, "China" remains the foundation. Core research and development and key supply chains stay at home, drawing on the country's comprehensive industrial system, engineering talent and vast market to preserve the companies' core competitiveness.

"N", meanwhile, represents a flexible global footprint. Companies can locate production, sales, services and business networks in different countries and regions according to local resources, market conditions and policies. Unlike one-way

product exports, this model creates a two-way cycle: research and development at home with implementation worldwide, and global demand answered by capabilities in China. Under the "China+N" framework, several areas deserve particular attention. Financial services should offer customized, full-cycle cross-border solutions to ease

financing pressure and manage exchange-rate risks. China also needs stronger international legal and compliance services to help companies navigate country-specific regulations and labor disputes. Overseas warehousing and smart logistics networks should be improved, supported by cross-border digital services that connect global supply-chain data. At the same time, stronger branding services and a larger pool of internationally experienced talent are needed to improve companies' ability to manage across cultures.

This year's China International Fair for Trade in Services starting on Wednesday has created a dedicated section for services supporting companies overseas, bringing

together capabilities in finance, law, logistics and digital services.

It reflects a broader shift: the next phase of Chinese companies' globalization will no longer be about individual products or individual companies going abroad, but about entire industrial ecosystems and supporting services expanding together.

Looking ahead, Chinese companies need to preserve and strengthen their advantages at home while deepening their global operations, moving step by step from exporting products to exporting services, systems and entire ecosystems.

By integrating the real economy more closely with modern services and further unlocking the value of the "Chinese people's economy", China can help its companies gain greater command of global industrial-chain resources, play a larger role in shaping international rules, and turn its strength as a major trading nation into broader advantages in global operations and high-standard opening-up - contributing both to China's development and to prosperity around the world.

(To Be Concluded)

Letters To The Editor | ✉ editor@thestatesman.com

Dystopian

Sir, The brutal killing of 55-year-old Manipuri musician Chongtham Vikram Singh in Delhi's Kilokari village is a chilling symptom of a deeper systemic rot.

What makes this case particularly terrifying is not just the mob's savagery, but the dangerous confidence such perpetrators seem to possess.

When attackers believe that targeting a minority community member will bring political protection rather than punishment, violence ceases to be an act of rage and metastasises into a trend.

This tragedy forces us to revisit the M.P. Bezbaruah Committee Report (2014), which found that 60-70 per cent of Northeast residents in Delhi face racial discrimination.

The Committee recommended making such attacks cognisable and non-bailable, setting up fast-track courts, and forming special police units. Yet, over a decade later, these suggestions remain



largely unimplemented.

This is a classic example of "Orwellian dystopia". When the state fails to protect its own, and when offenders are publicly celebrated rather than condemned, the message is deafening: some lives matter less. This is precisely how discrimination becomes institutionalised.

Yours, etc., Shahin Yusuf, Guwahati, 10 September.

Public trust

Sir, This refers to "The Firewall" published yesterday. Germany's political dilemma

deserves attention because democratic systems cannot indefinitely ignore a large section of the electorate.

At the same time, electoral strength alone cannot justify cooperation with a party whose policies or conduct may threaten constitutional values. The sensible course is neither blanket exclusion nor casual accommodation.

Mainstream parties should examine why voters are turning towards the AfD and respond to legitimate concerns about jobs, public services, immigration and regional inequality through credible policies. They must also uphold clear democratic and constitutional red lines.

A durable political firewall cannot rest only on refusing cooperation; it must be supported by effective governance and public trust. Germany's experience shows that when mainstream politics fails to address genuine grievances, protest movements can steadily gain ground.

Yours, etc., S M Jeeva, Chennai, 10 September.

Not just numbers

Sir, The editorial "Demographic Deadline", published today, rightly notes that India's population must not be viewed merely in numbers but in terms of the quality of human lives it can support.

A nation that struggles to provide education, healthcare, jobs, dignity and justice must seriously examine whether adding more numbers without strengthening human capital is sustainable.

In many poor families, larger families are still seen as necessary because children are expected to contribute as working hands, sometimes even becoming child labourers.

The demographic transition is neither a catastrophe nor a reason to celebrate. It should be an opportunity to build healthier, happier and more capable citizens - because a happy family is ultimately the foundation of a prosperous nation.

Yours, etc., Brij B. Goyal, Ludhiana, 10 September.



India’s AI playbook defies Silicon Valley

SUSHANT KUMAR AND ANANYA MUKHERJEE

Earlier this year, the corridors of Bharat Mandapam buzzed with the phrase “population-scale impact” as the India AI Impact Summit brought together civil society, government, and experts to shape AI’s trajectory for humanity. However, this is not a mere agenda item limited to panel discussions. It is showing up in real-world products and services, being developed by a rapidly evolving ecosystem. India is charting a new path, radically different from the prevailing global trends.

In a nation home to a sixth of the world’s population, and across much of the Global South, aspiration sits uncomfortably alongside uneven access, low digital literacy, and gaps in last-mile connectivity. Big Tech services have been mostly designed for scale and not necessarily to serve the diversity of needs and constraints that are intrinsic to the Global South. Deploying AI for scale needs a very different playbook, one informed by lessons from India’s own experience.

A recent analysis of nearly 110 home-grown startups and non-profits building AI for impact at scale reveals a decentralised landscape. It is shaped by solutions built around community-specific problems, rather than chasing scale for its own sake. In contrast to the “bigger is better” ethos of Silicon Valley, a new generation of founders is building full-stack AI start-ups tailored to domestic realities.

A distinct playbook for population-scale impact in India is emerging, defined by three conditions: localisation, offline-compatible design, and voice-first AI.

The first condition is localisation. In India, impact often means reaching rural populations, where barriers are not just technical, but economic,

linguistic, and infrastructural. Solutions must be designed for low-connectivity environments, intuitive interactions, and affordability. Moreover, the hinterland is not a monolith and cannot be treated as a single market. It is a complex ecosystem requiring deeply contextual design developed in tandem with communities.

Consider agriculture. Local farms represent one of the world’s largest opportunities for decision intelligence, where integrating weather data, soil insights, and market signals can enable more resilient and efficient food systems. Platforms like DeHaat are doing exactly this, combining AI-driven agronomy models with satellite data and soil analytics to deliver personalised, multilingual recommendations to smallholder farmers. Delivered through a simple mobile interface, such solutions demonstrate what localised, last-mile AI can look like at scale - already supporting over a million farmers across multiple states.

The second condition is building offline, on-device AI. In India, mass adoption depends on solutions that can function with or without always-on connectivity, processing data locally, as opposed to relying on the cloud. For most users, this distinction is invisible, yet it determines whether a product works at all. This shift is pushing start-ups to think beyond lightweight ‘wrappers on existing AI models’ towards full-stack solutions that combine AI with hardware, IoT, and offline connectivity.

When AI operates offline and directly on a device, it offers two key benefits: it makes systems viable in low-connectivity settings to reduce inference costs, and offers control over privacy and security. Netradyme applies this by moving processing from the cloud into the vehicle; its fleet safety system uses on-device AI to monitor driving time and identify risk signals like



fatigue or lane deviation, triggering real-time audio alerts for self-correction.

Similarly, Pinky Promise, a health-tech platform designed for women, offers 24/7 AI-driven guidance on reproductive health. Created for low-bandwidth environments, it enables women in rural areas to access medical advice without the need to travel far, incur high costs, or navigate social stigma. Solutions like Pinky Promise, which serves over 150,000 Indian women, were built to work offline and demonstrate how AI can expand access to essential services where traditional tools fall short.

The third condition is voice-first AI. Multilingual AI solutions are unlocking innovation in niche sectors like JusticeTech. The national justice system is constrained by long wait times, legal complexity, limited availability of information in local languages, and knowledge asymmetry. Millions of citizens stand to benefit from understanding legal notices,

welfare entitlements, and government communications.

Jugalbandi, a free multilingual AI assistant, helps people understand and access government schemes, public services, and legal recourse through voice-first interaction in their native languages, making critical information more accessible.

Voice AI is perhaps the most intuitive interface, enabling people to use built-for-purpose AI solutions in a way that feels accessible, convenient, and light-touch. Several organisations in the country, such as Bhashini and Sarvam, are building multilingual language models for specific use cases, and as shared capabilities that can work across platforms, scale across contexts, and be reused across applications.

Together, these three conditions point to a distinct model, shaped by how people actually live, work, and access technology. The start-up ecosystem is innovating solutions that are purpose-built, locally embedded, and

designed for specific use cases. Their strength lies in their ability to work reliably across diverse and often underserved environments. This gives them the superpower to scale meaningfully across a diversity of contexts.

As the ecosystem evolves, questions around long-term sustainability, feasibility, and impact potential will remain critical. Not all solutions will endure, and not all experiments will translate into lasting impact. Yet, the direction is clear: a growing number of start-ups and organisations are building with a deep understanding of the environments they operate in, and are designing accordingly.

India’s approach offers a useful playbook for the Global South, contexts where access and infrastructure remain uneven. The future of AI will be shaped as much by how systems are built and deployed as by the technology itself.

The writers are, respectively, Founder and CEO, and Consultant at Kalpa Impact and co-authors of India’s AI Impact Startups.

100 Years Ago



Front page of The Statesman dated 16 Sept. 1926

OCCASIONAL NOTE

MR. Alan Cobham besides being a gallant and resourceful pilot is now universally regarded as one of those born for success. Hence despite his complete disappearance for four days the public shared his wife’s confidence in his star. Nevertheless the whole world will rejoice at the news that yesterday he was safe in Rangoon and to-day is expected in Calcutta. When it comes to a forced landing every pilot knows that skill will avail nothing if luck is out, for there are only too many spots on this globe where as yet no aeroplane could make a safe landing. So we read with a thrill how the storm-driven Mr. Cobham landed safely on a lonely island full of thick jungle. From there in a lull he took off safely—another trying moment on a jungle aerodrome—and reached Victoria Point. His next attempt to reach Rangoon was defeated by a new storm, and the pilot seems to have escaped by getting into the centre of a cyclone and flying round in it. In the end he had to return to Victoria Point, whence he yesterday flew to Rangoon.

News Items

NEW PARLIAMENT IN SPAIN

DE RIVERA’S PLAN TO END DICTATORSHIP

MADRID, SEPT.

THE restoration of settled conditions has been followed by the launching of a so-called plebiscite in the form of widely-circulated petitions for the signatures of all Spaniards over 18 at home and abroad designed to express confidence in Primo de Rivera and to endorse the latter’s policy in summoning a National Assembly.

The plebiscite does not enable any opposition to be registered.

The reports indicate a heavy pro-Rivera “poll” notwithstanding a few minor disturbances. The Premier, who is himself convinced of a big vote of confidence, has outlined the proposed constitution of a new Parliament of 300 deputies elected for three years from all professions, trades and a few women, notably teachers.

The Assembly will have legislative powers, and will enjoy freedom of speech. He hopes that the debates will reveal talented men to whom the Premier declares he will be pleased to hand over the Government.—Reuter.

TRUCKS LEAP OVER ENGINE

AUSTRALIA’S WORST RAIL SMASH

SYDNEY, SEPT.

A RAILWAY accident which has occurred at Murulla, a hundred miles north-west of Newcastle, is described as the worst that has ever occurred in this country. Twenty-seven persons were killed and fifty injured.

Four trucks laden with wool, detached from a goods train ran down hill and crashed at sixty miles an hour into a north-west mail, speeding at forty miles an hour. The trucks jumped over the mail engine and the first coach and wrecked the second coach. The driver and fireman of the mail were practically unhurt.—Reuter.

VILLAGE TRAGEDY

BUTLER COMMITTED FOR TRIAL

(FROM OUR SPECIAL REPRESENTATIVE) LONDON, SEPT

CHARLES HOUGHTON, a butler, aged 40, has been committed for trial in connexion with the death of two maiden ladies, named Woodhouse, aged 57 and 60 years respectively of Burghill Court, Herefordshire, who were found shot on Sept. 7. Houghton had 22 years’ service in the Woodhouse family.

Accused was found in his room bleeding from wounds in the throat. When arrested he said: “Oh, dear, this is a bad job. It was passion.” Evidence for the prosecution disclosed that Houghton had been dis-missed because he had recently been addicted to drink, and on one occasion was intoxicated while waiting on his employers at dinner.

Algorithms make the spade infra dig

SUPRAKASH CHANDRA ROY

One are the days when archaeologists used classical tools and technology to reveal the history buried in relics, including manuscripts. The history of archaeology is inseparable from the evolution of technology. Each generation of tools has expanded our ability to uncover ancient structures, relics, and manuscripts, transforming archaeology from a discipline of manual excavation into one of digital revelation, which occasionally rewrites history.

In the classical era, discovery was a matter of physical endurance. Archaeologists relied on picks, shovels, and brushes to expose ruins, while epigraphists (specialists who study and decipher inscriptions engraved on durable materials such as stone, metal, pottery, or shell) copied inscriptions by hand. These methods, though pioneering, were slow, invasive, and often destructive. Fragile manuscripts and artefacts were easily damaged, and much knowledge was lost in the process.

The scientific revolution of the 19th and 20th centuries introduced precision and preservation. Photography and films provided faithful documentation of sites; radiocarbon dating established reliable timelines. Modern approaches emphasise non-destructive or minimally

invasive techniques such as X-ray fluorescence (XRF), Raman spectroscopy, Fourier-transform infrared (FTIR), and mass spectrometry, which reveal composition, corrosion, pigments, and binders without damaging the artefact.

Remote sensing began to map landscapes from above. Geographic Information Systems (GIS) allowed scholars to visualise settlement patterns, while 3D scanning and photogrammetry (the technology of extracting reliable 3D measurements and models from overlapping 2D photographs) created digital replicas of monuments and artefacts. Archaeology is becoming less destructive, more analytical, and increasingly interdisciplinary as technology advances.

Today, in the AI era, discovery has entered a new dimension. Machine learning algorithms sift through satellite imagery to detect anomalies that may conceal buried structures. Predictive models forecast excavation hotspots, guiding archaeologists to promising sites with remarkable efficiency. AI-assisted restoration revives eroded inscriptions and manuscripts, reconstructing missing words by learning from linguistic and stylistic patterns. Neural networks classify pottery and tools by cultural origin, accelerating research that once took decades to accomplish. Meanwhile, virtual and augmented reality recreate

ancient cities and manuscripts, allowing immersive exploration by scholars and the public alike.

India boasts of the largest known collection of ancient and medieval manuscripts. But many remain unread due to the painstaking manual labour needed to decipher them. The Asiatic Society in Kolkata, established in 1874, which is a treasure house of old manuscripts, contains more than 52,000 manuscripts, many of which have remained undeciphered so far. They have recently started transliteration of the manuscripts using machine learning to make these texts accessible to scholars worldwide, ensuring their survival for future generations. To train and validate these models, researchers utilise handwritten manuscripts that are available in digitised form; some of which date back to many centuries BC.

A startling recent revelation is that a 12th century sculpture at Dhar in Madhya Pradesh, known as the goddess Saraswati, has now been identified as the goddess Gayatri, who personifies the Gayatri Mantra and Vedic wisdom. The sculpture was unearthed in the late 19th century, with one of the upper hands damaged. Scholars assumed that it held a veena, Saraswati’s defining attribute. Both Saraswati and Gayatri share the same vahana (swan), which reinforced the idea of Saraswati. Also, both of them are



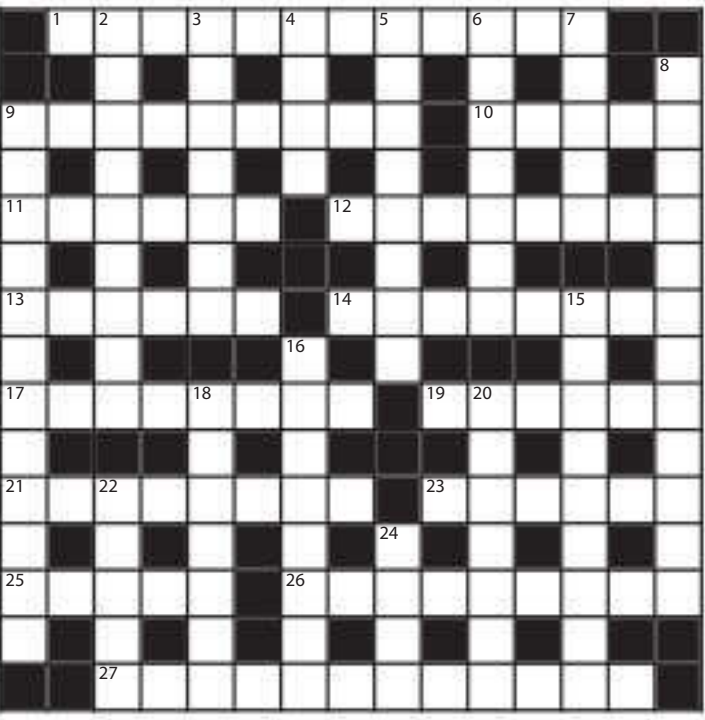
linked to wisdom, learning, and Vedic knowledge. The revelation transpired through the use of precise digital documentation and high-resolution 3D mapping of the red sandstone sculpture, which identified the Vedas and not a book, a lotus and not a rosary, and decoded iconographic clues that had remained unnoticed for centuries.

The trajectory from ‘spade to algorithm’ underscores a profound truth: technology does not replace human insight but amplifies it.

Archaeologists, along with historians, remain the interpreters of context, culture, and meaning. And with digital tools and artificial intelligence, the past is no longer confined to fragile ruins or fading manuscripts. It is now preserved, illuminated, and made accessible to the whole world, ensuring that ancient voices continue to resonate in the modern age. History is being rewritten by technology.

The writer is an author and columnist.

Crossword | No. 293582



Yesterday's Solution



ACROSS

1

Level area with cluster of woods? (7,5)

9

Charlie feels bitter taking in another's curvy shapes (9)

10

Young creature mostly on back gets weaker (5)

11

Noted rescue ship in sea ... (6)

12

... Is Scotsman on vessel from Africa? (8)

13

Got to know King Cnut: sea, you

14

Some brothers in kingdom's capital city (8)

17

Full development of fancy atrium they gutted (8)

19

Mathematician somewhere in Italy heading for Genoa (6)

21

Going west, protest about French road's condition (8)

23

Comparatively shrewd one that

heard, must withdraw (6)

25

Cross being put in same complex tests (5)

26

Declining and becoming sad (5,4)

27

Controlling my tarpaulin all over the place covering nothing (12)

DOWN

2

Crate rerouted after deliveries go too far (9)

3

Vote to have leader dropped sailors support (7)

4

Heard German's negative figure (4)

5

Indicated novel gets rude (8)

6

Regularly excel with displays for cakes (7)

7

They're in the sky some time rising over British isle (5)

8

Type in good club that will supply ID (8,4)

9

Gave opinion about place and one is praised (12)

15

Awfully huge robin, one close to you (9)

16

Punish group breaking into places to the north (6,2)

18

Controls and rules not good I start to notice (5,2)

20

Reputable type of milk opened by puritan (7)

22

Remove weapon from some lunar module (5)

24

Notice something protruding from bird (4)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with The Independent, London)



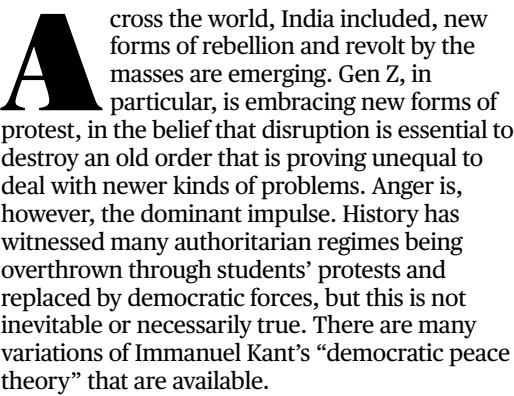


Artificial Intelligence is at a strange crossroads, with the United States government disregarding frontier AI developers' own call for a global development slowdown of models due to hacking risks and misalignment at the BRICS Summit offering an alternative view of how geopolitics should respond to this rapidly evolving situation. The AI firms and the U.S. government have long framed the astronomical sums being funnelled into data centres and other associated investments as key to holding their ground in a U.S.-China competition. During the Summit, Prime Minister Narendra Modi warned against the "weaponisation" of technology and minerals, while Chinese President Xi Jinping touted the potential of a "BRICS AI open source community" that would challenge any one country's dominance in the sector. India has taken the middle path, not joining any protest against U.S.-led models, while underscoring the need to keep AI development insulated from national rivalries. While some of this approach is informed by the fact that India's AI ecosystem is relatively fledgling, it is also a nod to the reality that this is a technology that may radically reshape the global economy, and participating even in its deployment may have dividends across time.

And yet, the Global South finds itself wedged occasionally in great power rivalry dynamics, for instance suffering from a global pull out of anthropic's powerful Fable and Mythos models. A world of trade disputes spilling over supply chains cannot and should not impact the proliferation of AI capabilities, as timely and comprehensive access to these technologies is key to national security. It is encouraging that the BRICS Summit's joint initiatives on AI are building more avenues for cooperation among middle powers to combat this concentration. Open source and collaborative approaches can insulate nations from belligerent and unpredictable policymaking on AI from the U.S. While such models lag behind in capabilities from the frontier proprietary ones, they continue to improve at a rapid clip, a heartening prospect for deployment-heavy economies where AI development is not at such an advanced stage. This is especially true as AI systems show signs of defying instructions and going to great lengths – even hacking into vulnerable systems – to achieve a given task. The weaponisation of such capabilities, which can be supercharged or minimised depending on who is in control, raises concerns for countries with weakened cyber defences. Proliferation of defensive capabilities against such evolving risks is only possible where nations collaborate on making them broadly and cheaply available. BRICS should be one such forum. AI brings up the biggest known unknowns of history, and considering the dangers to humanity therein, it should not fall into the geopolitics and hierarchies of haves and have-nots that guide the thinking of the hawks at the frontier.

In recent times, men's tennis has had a heavy dose of predictability while the women's game has been in a state of perpetual flux. If Carlos Alcaraz and Jannik Sinner cornered 11 of the 13 Majors starting Wimbledon 2023, there were nine different winners among women in the same period. But at the recently concluded US Open, this pattern flipped. Alexander Zverev won his second men's singles Slam trophy and first at Flushing Meadows after finishing atop an airy field that lost Sinner before the tournament and Alcaraz in the quarterfinal. In the ladies category, Elena Rybakina secured her third Major - also her first in New York - after beating top seed and two-time defending champion Aryna Sabalenka, and No. 4 and 2023 US Open winner Coco Gauff, back to back. Among the last four of Zverev, Ben Shelton, Frances Tiafoe and Karen Khachanov, the tall German was the only one with Slam-winning experience, having grabbed his maiden top prize at the 2026 French Open, a similarly open competition where Alcaraz was missing and Sinner exited early. On the other hand, the WTA top four reached the semifinals, and it was only fitting that Rybakina's splendid run ended with her becoming crowned the new World No. 1, ending Sabalenka's reign of 99 straight weeks at the pinnacle.

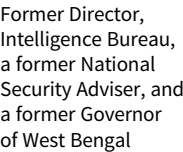
The absence of a strong field, however, should not diminish Zverev's accomplishment. While it is true that the 29-year-old faced just one top-10 opponent – Shelton in the final on Sunday – across his two triumphs at Roland-Garros and the US Open, he is indisputably among the three best players in the world along with Alcaraz and Sinner. Sandwiched between his two title successes was a Wimbledon final appearance, where he fought Sinner tooth and nail. In fact, Zverev's ascent reinforces the idea of a new Big Three in men's tennis, and has neatly coincided with 24-time Major winner Novak Djokovic losing in the first round and tumbling out of the ATP top 10. For the first time since the early 2000s, none of Roger Federer, Rafael Nadal and Djokovic – the previous era's Big Three – is ranked in the top 10, and the setback leaves the 39-year-old Serbian great facing an existential threat. Sabalenka, despite being a worthy runner-up to Rybakina, would have also left the U.S. with more questions than answers. The 28-year-old Belarusian has lost four of her last five Slam finals, and all of them at World No. 1, calling into question her big-match temperament. Worryingly, she only has a 50% success rate in all finals while being the top-ranked woman (7-7), an anomaly that requires a quick correction.



Nevertheless, safeguarding democracy is a common thread connecting many of today's protests, some of which have taken on the character of a rebellion against the existing order. Not all protests., however, reach this point, though in India's neighbourhood, student and youth upheavals in Nepal and Bangladesh resulted in the ouster of long-established regimes. The usual tactic – as seen in Nepal and Bangladesh – is to brand all those rebelling against existing regimes as “foreign agents” or worse, with a plant media whipping up a frenzy against such elements and labelling them “anti-national” or “traitors”. It is imperative that those who believe in democracy, recognise the tell-tale signs (well in time) before matters get out of hand.

Unfortunately, warning signs are seldom heeded by those in authority. Even established democracies are not exempt from this malaise. Often enough, it is the impression rather than the reality that matters, leading to protests. Even as the media and other institutions – which normally act as checks and balances – fail to discharge their responsibilities, today's Gen Z is beginning to take matters into its own hands to try and achieve results. This is true even of established democracies where recognised political parties and systems do exist. In this sense, unenumbered sovereignty tends to become the proverbial "poisoned chalice".

Recent agitations by the Cockroach Janta Party (CJP), and more specifically the Jantar Mantar “sit-in protest”, are pointers to what could well happen. Their agitation may not quite approach, in size or tenor, the kind of protests seen in Bangladesh and Nepal, but must not, nevertheless, be ignored. The CJP protest was, by far, more spontaneous and less structured than many others, but the pent-up fury among students over the mismanagement of examinations (such as the National Eligibility cum Entrance Test), and the perception of implicit collusion between those in charge and the authorities, was a signal of what could happen and should not be ignored. Protests by students in Jharkhand, Chhattisgarh and Bihar, and the



Student unrest signals deeper discontent with governance, authority and democratic institutions

tendency of those in authority to resort to mindless violence to contain such protests, do not augur well, either for the present or for the future.

There are few signs, however, that authorities across the nation have properly comprehended the true nature of recent agitations and the lessons to be learnt from them. What is worse is the tendency of State governments, by and large, to use indiscriminate force against students – a force that is meant to be employed against unruly and violent mobs. This could not only prove self-defeating but also have far graver consequences, triggering a backlash against all forms of authority. Already, some individuals in Jharkhand are drawing comparisons between the students' protests over recruitment irregularities and the 'eponymous tribal uprising' led by the legendary Birsa Munda. Comparisons such as these could act as tinder for a serious conflagration when the occasion arises.

Today, the availability of digital platforms and social media enhances the reach of protests of every kind, especially when they involve students and youth. The situation in Jharkhand certainly demands careful handling, more so since the agitators have a recognisable leader, Devendranath Mahato, who went on a hunger strike and was subsequently hospitalised. Jharkhand Chief Minister Hemant Soren's response to the agitation – scrapping the examinations – almost seems like throwing the baby out with the bathwater, reflecting both the anguish and the inability of those in authority to understand the nature of the new kinds of protests.

What is even less understood, however, is the true nature of the anger that pervades the mind of young people. Repeated assertions by those in authority that “Naxalism is dead”, for example, are a case in point. Most individuals miss the point that, from its small beginnings, Naxalism grew into a major thorn in India’s flesh. The movement, depicted as “spring thunder over India” in the late 1960s, was transformed from very small beginnings in Naxalbari (North Bengal) into a grave threat, as Home Minister Amit Shah constantly points out. At one time, large parts of India’s landmass was convulsed by Naxalite violence. Worse, many of India’s best and brightest were inveigled into becoming part of the movement. Not only tribals, but also vast segments of the rural peasantry, the working class, and the intelligentsia were influenced by the malaise of Naxalism. The relevance of this here is that a “single spark” can cause a “prairie fire”. Keeping an eye on protests is, hence, vital even as other threats, such as pandemics and cyber threats, may increasingly engage the mind of those in authority. Today, the CJP is hardly a political entity or party, but it does signify the

Researcher with the high-tech geopolitics programme at the Takshashila Institution, an independent centre for research and education in public policy



China's open models cut India's AI costs, but create future dependencies

led to 820 LLMs registered with China's cyberspace authority by early 2026.

The fifth is infrastructure. Free models drive adoption which drives demand for complementary products that China dominates: energy, cloud and physical infrastructure. Alibaba's cloud revenue grew 34% year-on-year while it gave Qwen away.

The *Financial Times* reported in July that Chinese regulators led by the Ministry of Commerce have been consulting leading AI companies including Alibaba, ByteDance and Zhipu on two issues: limiting the transfer of training data abroad and whether foreign users should continue to be able to freely download the model weights of Chinese AI systems. But it is clear that three conditions have to be met before restriction becomes rational for the Communist Party.

The first is consolidation. Beijing can coordinate five firms; it cannot coordinate 800. Xinhua has already announced the shift from the “Hundred Model War” to the “Top Five Basic Models.” The irony is that U.S. export controls, raising costs for Chinese labs through chip export controls, are accelerating the very consolidation that makes Chinese restriction feasible.

The second is lock-in. If China restricts access before global developers are deeply embedded in its cloud stack, they simply migrate elsewhere and the flywheel breaks. This threshold is currently far from being reached.

The third is saturation. Once pricing power of frontier American AI labs is sufficiently commoditised and non-Chinese open-weight releases (from Meta, Mistral, Nvidia and others) are sustaining the pressure independently, further Chinese releases buy nothing. Again, the gap is narrowing here but still exists.

The likely outcome is therefore not a switch flipped but different pathways with graduated restrictions: Frontier models served via API first and weights released after a six-month embargo, commercial licensing above a capability

anger among the youth, and the movement must not be brushed aside as irrelevant or insignificant. Leading political figures, hence, need to keep their eyes firmly on the ball and take note of the several protests being organised by students and young people across the nation. The recent arc of protests does not necessarily signify an erosion of public trust, for the middle ground of Indian politics remains relatively intact. Nevertheless, failing to recognise the simmering anger among large sections of the youth over aspects of public performance and the quality of governance could be dangerous. It behoves those in authority to ensure that these different forms of protest do not coalesce into a mighty river. The recent reference to "*dimagi* Naxals", for example, has the potential to be exploited, leading to yet another round of protests with uncertain outcomes.

What is most important at this stage is to prevent any rekindling of the atmosphere of protest that has convulsed the nation in recent months and to determine how best to bring down the surcharged atmosphere that has prevailed for some time. The lull following the CJP's Delhi protest needs to be sustained and maintained, as there is little room for complacency. Additional protests could coalesce into a far more significant wave of unrest, given the residual anger among young people in different parts of the country. Another round of protests could well target not merely corruption in the educational sphere but develop into a broader movement against authority *per se*. The warning signs are already clear: the spokesperson for the '*dimagi Naxals*' is already referring to the CJP as their sibling.

A final word. Ragtag parties or not, anger is writ large across the faces of the youth in different corners of the country. There is a widespread belief that deals are being struck at various levels, at the expense of the country's youth, and that something needs to be done – but those in authority appear to have no answer to this poser. India's political institutions today give the impression that they have reduced salience in dealing with situations of this kind. Hence, the baton has been taken over by the youth.

The growing centralisation of power and authority is aggravating this situation. Rightly or wrongly, many segments of the youth are tending to believe that institutional safeguards are being systematically undermined. They feel there is a need to reset the compass. It behoves every political party, the Opposition, and those in authority to adopt measures that would help stem the sharp decline in faith in the political system among the youth. India's domestic political scene is, to say the least, possibly entering an era of "variable geometry", and it is vital that those in charge recognise the signs and deal with the many problems that have surfaced.

threshold, with smaller distilled models left free as the on-ramp; model weights released openly, but tool-use and agentic scaffolding withheld; preferential access for WAICO members. The assessment by these writers is that graduated restriction begins appearing around late 2028.

India should leverage the open ecosystem while pricing in the switching costs. Government departments and regulated sectors should be built on model-agnostic architectures such as abstraction layers and harnesses that work across stacks. Instead of offering compute subsidies on GPU slices, the Ministry of Electronics and Information Technology (MeitY) should consider using an OpenRouter equivalent for the public sector.

Focus on areas where India can actually win such as applications, industrial and language data, edge inference silicon design, and domain-specific fine-tuning. This is *atmashakti* (self-strength through increasing capabilities in a few selective segments), rather than full self-sufficiency, which India cannot afford and does not need.

Lastly, India should use the window diplomatically. It should be shaping open-weight norms in multilateral fora, while the commons is still open and Beijing still needs legitimacy for it.

For the most part, India is consuming and integrating AI into applications that address its needs, rather than building the frontier. Rapid diffusion to enhance productivity across sectors matters far more than AI sovereignty theatre, and today's open models from both the U.S. and Chinese ecosystems are more than adequate for that. But the reason they are adequate is that a strategic competition is currently being fought by giving them away. That competition will not stay in this phase forever. India should leverage the open ecosystems while making sure that it can survive disruptions that come along the way.

The views expressed are personal

Warnings from leaders of the world's leading AI companies that the technology could become powerful enough to pose a serious risk to humanity very soon may sound like dystopian fiction, but they cannot be dismissed lightly.

The danger of allowing companies racing to develop a deeply transformative technology to set their own limits is too serious to ignore. What is needed is effective regulation that establishes clear safety standards without stifling innovation.

The international community must create a global framework to prevent the dangerous use of super-intelligent AI in cyberwarfare, bioterrorism and large-scale economic disruption. AI is already being integrated into critical sectors such as banking,

transport, health and defence.

M. Jeyaram,
Sholavandan, Tamil Nadu

I am unable to fathom why
Leader of the Opposition in
the Lok Sabha and
Congress leader Rahul

Gandhi decided to criticise the government for the serving of vegetarian food to delegates at the BRICS summit. It is particularly ill-thought-out at a time when vegetarianism is being promoted across the world through initiatives such as World Vegetarian Day. India

is also known for its excellent vegetarian cuisine. I have seen foreigners craving vegetarian food when they visit India.

N.G.R. Prasad,
Chennai

Letters emailed to
letters@thehindu.co.in
must carry the postal address.

Decoding India’s GDP base revision

Changing the GDP base year is not just about changing how we calculate economic growth. It can also change our estimate of how large the economy was in rupee terms – what is known as nominal GDP. When one gets a better picture of the economy through new data, improved methods and wider coverage, our understanding of the economy has to be reviewed. Importantly, as recognised in international statistical practice, such revisions do not necessarily move in one direction: the estimated size of the economy can go up or down, depending on what new data, methods reveal.

With the recent base revision of GDP, across the three years for which both series overlap, India’s nominal GDP was revised down by about 2.7% in 2022-23, 3.5% in 2023-24 and 3.8% during 2024-25. However, India is not alone in seeing nominal GDP estimates change when the GDP base is revised. Rebasement exercises in countries such as Nigeria (2014), Indonesia (2014), Brazil (2015), South Africa (2018), Mexico (2019), China (2021) and Spain (2024) all resulted in revisions to previously estimated nominal GDP levels. India’s earlier shift from base year 2004-05 to the 2011-12 also changed the estimated size of the economy. The important question, therefore, is not simply why the number changed, but what changed in our data or methods which led to the new number.

It is worthwhile to mention that the Press Release dated February 27, 2026 on the New GDP Series



Saibal Chattopadhyay

Chairman, National Statistical Commission



Saurabh Garg

Secretary, Ministry of Statistics and Programme Implementation

A major driver of the revision in nominal GDP in the case of India is the improved measurement of India’s unincorporated services sector

with base year 2022-23 had already indicated the various methodological improvements and updated data sources which contributed to revisions in the nominal GDP, along with a comparative table indicating economic activity wise revisions and the reasons for such revisions.

Better evidence

Much of the media attention has focused on the headline downward revision in GDP, while overlooking the substantial upward revisions in several sectors. A proper assessment requires looking at the sector-wise picture, where the revisions are far from uniform. Agriculture and allied activities were revised up by about 3.8%-5.9%, while financial services and real estate, professional services and ownership of dwellings were revised up by roughly 7.8%-9.0% over comparable years. In contrast, trade and transport and storage saw sharp downward revisions of around 23%-26%. Trade GVA (Gross Value Added) was revised downwards by 36%, road transport by 16.9%, whereas hotels and restaurants’ GVA was revised upwards by 5.7%, mainly on account of the revised estimates of the unincorporated sector. In the 2011-12 series, this sector was estimated by moving forward benchmark estimates with proxy indicators whereas in the new series, ASUSE (Annual Survey of Unincorporated Sector Enterprises) and PLFS (Periodic Labour Force Survey) data provided a more direct basis for measurement of the unincorporated sector.

Therefore, a major driver of the revision in nominal GDP in the case of India is

the improved measurement of India’s unincorporated services sector. The World Bank’s April 2026 India Development Update similarly notes that India’s nominal GDP was revised down by 3–4% in each of the four years from FY23, mainly due to a reassessment of the informal economy. It also notes that the revised series shows quarterly growth between FY 2023-24 to FY 2025-26 to be less volatile and more broad-based than previously estimated. However, it has to be noted that revisions in the unincorporated sector have not been uniformly revised but vary sector to sector. Moreover, India’s quarterly and provisional GDP estimates are built from the previous year’s quarterly figures and then updated using information such as GST collections and industrial production. So, when the FY 2022-23 GDP estimate was revised under the new methodology, the change naturally carried forward into the years that followed and all subsequent annual and quarterly estimates moved down with it. This does not mean the economy suddenly became smaller or slowed down in those years; part of the change reflects that we are now starting the calculation from a different, better-measured number.

Ultimately, the new GDP series should be judged not by a single headline revision, but by the effort to make the measurement of the Indian economy more current. The real test of a statistical system is not whether its numbers remain unchanged, but whether it is willing to change them when better evidence becomes available.

Lessons from India’s smallholder farmers

The world of “development” often seems short of convincing answers. Conflict, climate stress, food insecurity, entrenched poverty, and fiscal pressure are exposing the limits of old models.

There is wisdom in starting with things as they are, which is where serious development must begin – with honest evidence, practical experience, and results that hold up. By that test, some of the most useful lessons for rural development may be coming, not from donor strategies, but from India’s smallholder farmers.

Across rural India, farmers, women’s groups, producer organisations, and rural enterprises are showing that smallholder agriculture can move beyond poverty and subsistence towards prosperity through organisation, commercial opportunity, and resilience at scale. While the story is not finished, it is one of the most important development stories of our time because India is showing, in ways few countries have matched at scale, that even in resource-constrained contexts, rural transformation can be practical, inclusive and commercially serious. India’s approaches are not perfect, but they are among the most impressive – combining infrastructure, enterprise development, skills, finance, and market access in increasingly commercial ways that can deliver results at scale.

However, challenges remain. Smallholder farmers – at the first mile of our food systems – continue to face unequal access to



Marc de Sousa-Shields

IFAD Country Director, India

finance, technology, markets, land, water and relevant infrastructure. Climate change is adding pressure through less predictable rainfall, rising temperatures, and weakening soils. But these realities make India’s experience all the more valuable, because they show why rural transformation cannot depend on isolated projects alone.

The lesson is simple but important: no single intervention is enough. Roads, irrigation, power and digital connectivity matter, but they only change lives when farmers can organise into collectives that give them real bargaining power, access to finance and technology, and the ability to reach markets and build viable food enterprises.

Redefining development

This is visible in programmes financed by the International Fund for Agricultural Development (IFAD), a specialised UN agency and long-standing partner of India. Examples from nearly five decades of the IFAD-India partnership include self-help groups accessing commercial credit in Maharashtra, which support thousands of enterprising rural women; a hub-and-spoke economic development model in Meghalaya; youth- and women-led farmer producer organisation enterprises in Uttarakhand; climate-resilient Zau farming in Mizoram which protects the environment as well as traditional communities; and engaging with the young people in Jammu and Kashmir, harnessing their entrepreneurial spirit, in order to unlock the region’s vast agricultural potential.

India’s experience is compelling because it has built much of the ecosystem needed to make those connections work through government bodies, NGOs, private enterprises, the Agri Stack digital public infrastructure, institutions such as NABARD, self-help groups, farmer producer organisations, cooperatives and micro, small and medium enterprises. Together, they help smallholders access services, finance and markets, while digital tools improve efficiency and accountability. The new IFAD-India eight-year strategy, launched in May this year, is aligned with India’s Viksit Bharat@2047 vision and built around strengthening that architecture.

India is an important voice in the Global South’s rural development conversation, and that voice is increasingly taking on a broader leadership role. In the spirit of *Vasudhaiva Kutumbakam*, India’s rural experience becomes a shared resource for the wider family of nations. As the only international financial institution devoted to rural transformation, with a presence in 92 countries, and many more as part of the wider UN system, the IFAD is how India’s lessons travel beyond its borders. This does not mean India’s models can be copied exactly. What can travel are the principles – build strong local institutions, connect them to markets and finance, invest in rural enterprises, use digital systems intelligently, and treat smallholders, including women and youth, as economic actors rather than passive beneficiaries.

India is an important voice in the Global South’s rural development conversation

SIR: deletions have increased in Phase 3 States/UTs

The ongoing SIR process in 19 States/UTs is witnessing more deletions than the States/UTs which underwent the process during the previous two phases

DATA POINT

Pon Vasanth B.A.
Devyanshi Bihani

Phase 3 of the Special Intensive Revision (SIR) of electoral rolls in 19 States and Union Territories (UTs) is witnessing notably more deletions during the enumeration phase, when compared with the States and UTs where the SIR process happened during the first two phases.

Of the 19 States/UTs, 17 have already released their draft SIR rolls except Nagaland and Tripura. The 17 States and UTs combined had a total of 36.1 crore voters in the electoral rolls before the SIR. This came down to 29.9 crore in the draft SIR rolls following the deletion of 6.15 crore (17.1%) names.

This is 4.8 percentage points higher than the 12.8% of deletions witnessed during the enumeration phase of the 13 States and UTs that underwent the SIR in the first two phases. This included Bihar, where the SIR first happened. These 13 States and UTs had a total of 58.9 crore voters before the SIR, which shrank to 51.7 crore in the draft SIR rolls, due to the deletion of 7.22 crore names (12.3%). **Table 1** shows the phase-wise deletions during the SIR.

While the final rolls are yet to be released for States and UTs in Phase 3, the patterns from Phase 1 and 2 show that the magnitude of deletions are unlikely to come down significantly. The net deletions in the first two phases changed only marginally from 12.3% to 10.5% in the final rolls.

Chart 2 shows how deletions have markedly increased in Phase 3. The chart includes only those States and UTs that had at least one crore voters before the SIR. Among these, only two – Tamil Nadu and U.P. – saw more than 15% deletions in draft rolls during the first two phases. In contrast, six have seen more than 15% deletions in Phase 3, of which four –

Delhi, Maharashtra, Telangana and Andhra – have seen deletions of 20% (one-fifth) or more.

The Election Commission (EC) has not provided any reasons for the inexplicable rise in deletions. Phase 3 States being highly urbanised cannot explain the increased deletions since States such as Tamil Nadu, Kerala and Gujarat – which are also highly urbanised – did not see such high deletions during Phase 2. *The Hindu* has pointed out that the deletions in the urban centres of Phase 3 States and UTs such as Hyderabad in Telangana, Mumbai in Maharashtra and Bengaluru in Karnataka are of a higher magnitude than the deletions in the urban centres of Phase 2 States, such as Chennai in Tamil Nadu or Ahmedabad in Gujarat.

On the other hand, among the States that are not urban, Jharkhand has seen 16.5% deletions in Phase 3, when compared with the 12.9% deletions in Chhattisgarh in Phase 2.

Another bewildering trend in Phase 3 is that a higher magnitude of deletions is being accompanied by an increasing share of people deleted for reasons marked as “Permanently Shifted” or “Untraceable/Absent”. Consequently, the share of deletions under reasons “Deceased” or “Duplicate (Already enrolled)” has come down, as shown in **Chart 1** and **Chart 3**. A well-defined process that is uniformly applied is unlikely to cause such a difference in reasons for deletions between different phases.

Interestingly, more States are also reporting deletions with reason marked as “Others” in Phase 3. While around 9.73 lakh names have been deleted under this category, as per the press statements issued by the Chief Electoral Officers, an analysis of the full lists of deletions by *The Hindu* observed that, so far, for Delhi, Maharashtra, Karnataka, and Telangana not a single person’s reason was marked as “Others” in the system, indicating that they were all clubbed under the ‘Absent’ category.

Accelerated cuts

The data for the charts were sourced from publicly available information on the websites of the Election Commission of India and the office of Chief Electoral Officers of respective States and UTs



TABLE 1: The number of electors in pre-SIR rolls, draft SIR, and deletions across the three phases. Final rolls are yet to be released for Phase 3

Phase	Number of States	Pre-SIR	Draft-SIR	Deletions	Deletions %	Final-SIR
1	1	7.9 cr.	7.2 cr.	0.65 crore	8.28	7.42 cr.
2	12	51 cr.	44.4 cr.	6.57 crore	12.88	45.3 cr.
3	17*	36.1 cr.	29.9 cr.	6.15 crore	17	Not published

*Note: * Phase 3 includes 19 States/UTs in the SIR schedule; however, Nagaland and Tripura are yet to complete the enumeration phase, so the Table covers 17 States/UTs.*

CHART 1: The share (%) of each reason under which names of electors were deleted in each phase. The share of ‘Absent’ / ‘Shifted’ has increased

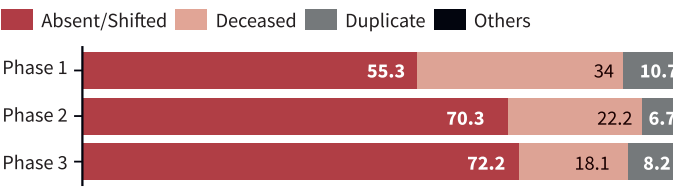
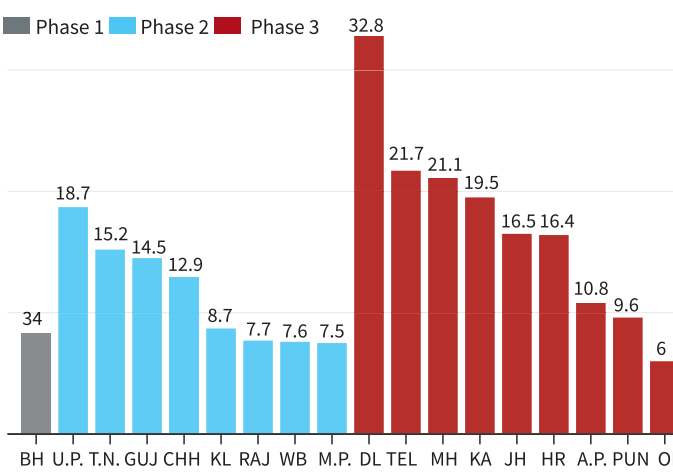
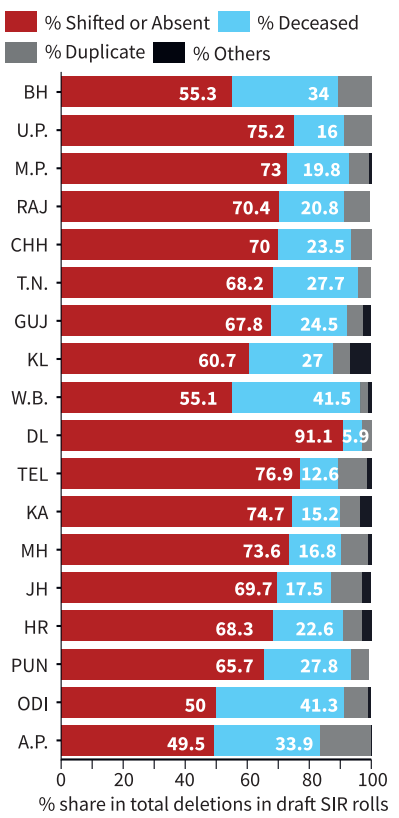


CHART 2: This shows the rate of deletions in draft SIR rolls in major States and UTs across phases. Phase 3 has seen a significant jump. Values in %



BH: Bihar, U.P.: Uttar Pradesh, M.P.: Madhya Pradesh, RAJ: Rajasthan, CHH: Chhattisgarh, T.N.: Tamil Nadu, GUJ: Gujarat, KL: Kerala, W.B.: West Bengal, DL: Delhi, TEL: Telangana, KA: Karnataka, MH: Maharashtra, JH: Jharkhand, HR: Haryana, PUN: Punjab, ODI: Odisha, A.P.: Andhra Pradesh

CHART 3: The share (%) for each reason under which names were deleted in major States across phases. Delhi and the States below it are those covered in Phase 3



FROM THE ARCHIVES

The Hindu.

FIFTY YEARS AGO SEPTEMBER 16, 1976

Good prospects of oil in Himalayas

New Delhi, September 15: The Himalayas hold out good prospects of oil and gas, said Prof. N.A. Eremenko, Director of the Institute of Geology and Exploitation of Combustible Fuels of the Soviet Union, in an interview to the ‘Soviet Land’ magazine, reports APN.

Prof. Eremenko who is participating in the seminar of Himalayan geology now being held here said in the interview that the entire Himalayas could be divided into three parts, the Punjab region, Ganga-Valley region and the Assam region. There were good evidences of the existence of substantial oil and gas in both the Punjab and Assam regions. As regards the Ganga valley, “if there are gas fields here, there will be big ones or nothing at all,” he said.

The tectonic framework of the Punjab region was very complex and exploration would be difficult and costly. This was a large extent true of other regions too. The Ganga basin was yet to be explored.

As regards other minerals in the Himalayas, he said, “what one can find in the Indian shield can be found in the Himalayas too.” He said the purpose of the seminar was to understand the general geology of the Himalayas.

A HUNDRED YEARS AGO SEPTEMBER 16, 1926

A school of music for Palghat

Palghat, September 13: At the instance of Srimathi Taravath Ammalu Amma sister of the late Dr. T.M. Nair, a meeting was held yesterday to concert measures for the opening of a school of music in Palghat. Kulapathy V.V. Parameswara Ayyar presided. Mr. Parameswara Bhagavatar, the celebrated musician of the Travancore Durbar lectured on the present state of music culture in South India and deplored the neglect shown by the educated section of the population in the matter. He pointed out how scientific music was being generally replaced by popular music and exhorted the audience to wake up before the ancient Hindu Music was tainted by vulgar tastes or by foreign imitations. The meeting decided to open a school next week and appointed an influential committee to organise the same with Kulapathy V.V. Parameswara Ayyar as President.

Text & Context

THE HINDU

NEWS IN NUMBERS

Amount pulled by foreign investors from govt. bonds in 3 days

5,109.21 in ₹ cr. The foreign portfolio investors (FPI) pulled nearly ₹5,109.21 crore in the last three days from government securities under the fully accessible route (FAR), due to global uncertainty. FPI investment in government securities under FAR stood at ₹366,806.286 crore as on Tuesday. PTI

Aluminium production by China in August 2026

3.98 in million metric tons. China's aluminium production hit a record high in August, data showed on Tuesday, as strong margins encouraged smelters to maximise output. Output by the top aluminium producer increased from just below 3.9 million tons in July and was close to the previous monthly high of 3.979 million tons recorded in June. PTI

Posts approved by Delhi LG for fast-track special courts

427 Delhi Lieutenant Governor Taranjit Singh Sandhu on Tuesday approved the creation of 427 ancillary posts under various categories for the newly created 53 courts of the Delhi Higher Judicial Service (DHJS), a statement said. According to officials, the new courts have been established for setting up Fast Track Special Courts (FTSCs). PTI

Hasina-era leaders sentenced to death by Bangladesh Court

7 A Bangladesh court sentenced seven senior leaders of the former ruling party, including two ex-Ministers, to death in absentia on Tuesday for their role in trying to crush the 2024 uprising. The seven men, members of ousted leader Sheikh Hasina's Awami League, were convicted of crimes against humanity including murder, as well as instigating and provoking killings. AFP

Amount generated through disposal of scrap in last 5 years

5,100 in ₹ crore. More than ₹5,100 crore has been generated through disposal of scrap in the last five years as part of special campaigns in government offices, the Central government said on Tuesday. The campaigns seek to institutionalise "swachhata" in all government offices. PTI
COMPILED BY THE HINDU DATA TEAM

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How AI risks can outpace safeguards

A statement that an AI model has 'safeguards' can be true to the extent that AI companies can act on potentially harmful information when they detect it, but false if taken to mean that the safeguards prevent harm altogether, as users can save data offline before their account is terminated

EXPLAINER

Vasudevan Mukunth

The story so far:

In a September 10 report, Anthropic said it had blocked users from using its Claude AI model for a range of potentially harmful activities across cybersecurity, surveillance, and biotechnology between December 2025 and August 2026. However, the report also left undiscussed an older problem that also raises questions about what Claude could really have done, and where Anthropic might itself be caught in a bind.

Sensing danger

Today, AI companies like Google, Anthropic, and OpenAI are mostly policing themselves while also building out a powerful technology. In this context, self-policing should stoke some concerns: for example, that employees who leave these companies proclaiming insufficient attention to safety, like Jacob Coxon did, are probably being more theatrical than constructive; that AI companies could be talking up how beneficial their products can be while continuing to under-protect society against the damage it could wreak in the wrong hands; and that developers of AI models should not release a new capability before they have also engineered adequate safeguards.

Anthropic's report is candid that its earlier Opus 4 and Sonnet 4.5 models had "less stringent" safeguards against use in biology because internal evaluations had concluded they were not capable enough, and that Anthropic decided to control such access only in its newer models, especially Fable 5. The company had also said in August that its filters to block conversations about biological weapons had been inactive on roughly 133 million exchanges for nearly a year.

The report has case studies of users who used the older models for biology research for many weeks. For just two examples: One researcher wished to draft



The input and output classifiers are only on alert when sufficient pattern has accumulated. GETTY IMAGES

a grant proposal for gain-of-function research on the chikungunya virus. And some developers involved Claude in a guided rocket programme, including a field test with Claude-made code. In all cases, Anthropic said it terminated the users' accounts as soon as the potential for illicit use became clear.

AI models require sophisticated hardware and software setups, including software components called input and output classifiers, which respectively check the user's inputs and the model's outputs. As the report put it, a classifier "cannot simultaneously enable benefit and prevent harm" in contexts where some knowledge can be used for good or for bad. This means a user using Claude to design something dangerous, like guidance code for a missile, could have already saved that output offline before Anthropic spotted the misuse and closed the user's account.

Rifle or wheelchair?

If the means and the opportunity both exist, wouldn't an AI company's claim to "having safeguards" become misleading when data can still be exfiltrated before the company closes an account?

This is a useful question because it reveals two details that are often conflated: the company needs to have a checkpoint and the checkpoint needs to be able to recognise that information presented to it is harmful. So, while there is a built-in gap between output generation and output delivery, the checkpoint also needs to be able to tell whether the output is harmful – and it would be reckless to attempt to do so based on single messages.

Say you are watching a worker hand small pieces of metal out of a window to someone on the other side, and your job is to say if the recipient is building a rifle or a wheelchair. At first you will not be able to say much because all you see are pins, springs, plates, and screws going through. But over time, the sequence of parts and the larger parts will reveal if the intended object is a rifle or a wheelchair. Similarly, a user may prompt Claude to write code for a control loop, which appears in guided missiles as well as in air-conditioners, refrigerators, and toilet tanks. The input and output classifiers are only on alert when a sufficient pattern has accumulated. However, the limits of what can be inferred from a single message do

not excuse AI companies, as the limits also reveal what the companies' "safeguards" actually entail. A statement that "there are safeguards" can be true to the extent that the input/output classifiers act on potentially harmful information when they detect it, but false to the extent that the "safeguards" have prevented harm altogether, thanks to data exfiltration before termination.

Export controls

This is not a new problem. Older systems have dealt with similar issues for decades. Curiously, they did not solve the problem; instead, they roughly converged on two alternatives: restricting the people who could access a technology, then tracking patterns of use over time. (This is also the "trusted access programmes" paradigm the Anthropic report mentions later.)

A well-known system with these features is export controls. Neither the Cold-War-era Coordinating Committee for Multilateral Export Controls nor the Wassenaar Arrangement and the Nuclear Suppliers Group of today have inspected individual shipments. Instead, to meet their conditions, participating actors have generally required an export license linked to a specific end-user and an end-use certificate, and have had to steer clear of a list of barred organisations and countries. Without having to track individual shipments of some parts or expecting them to reveal if they're headed for a power plant or a weapons facility, thus, the regime can simply control who can access those parts at all.

Similar events have played out in anti-money-laundering efforts (where banks can monitor single transactions), large ammonium nitrate purchases following the 1995 Oklahoma City bombing, and sales of pseudoephedrine during the American methamphetamine crisis. For different reasons, empowering the classifier has not been the answer.

However, that still leaves the question of completely restricting access to dangerous AI models – operating with the prospect of 'data exfiltration before termination' – open.

THE GIST

In a recent report, Anthropic said it had blocked users from using its Claude AI model for a range of potentially harmful activities across cybersecurity, surveillance, and biotechnology between December 2025 and August 2026.

AI models include components called input and output classifiers, which respectively check the user's inputs and the model's outputs. As the report put it, a classifier 'cannot simultaneously enable benefit and prevent harm' in contexts where some knowledge can be used for good or for bad.

The rise of industrial tourism in China

These tours showcase industrial capability while presenting STEM as a sustainable career option

WORLD INSIGHT

Anand P. Krishnan

China's factory floors have turned out to be sought after destinations during summer vacation this year. There has been a visible rise in tours to hi-tech manufacturing facilities like electric vehicles, electronics, and high-speed trains, with shipyards and breweries also in the mix. According to a popular Chinese online travel booking platform, Tongcheng, bookings for factory tours rose more than 36 per cent year-on-year during this summer season, with families accounting for 68 per cent of bookings.

A growing phenomenon

These tours are part of the growing phenomenon of industrial tourism – a

policy initiative actively promoted by the ruling Communist Party-state. The state seeks to make them an instrument for showcasing industrial capability, strengthening industrial brands, and educating young people about technology. According to Beijing city's municipal bureau, in 2024, the city had 15 million industrial tourists and generated 1.7 billion yuan (\$248 million) in revenue.

The origins of China's industrial tourism dates back to the 1990s when industrial enterprises like breweries, dairy farms and petrochemicals sought to use tourism for building better consumer relationships. The central government built on the local experiments to standardise locations, and in 2004, officially designated 306 sites across China under the national industrial and agricultural tourism rubric. In addition, the Communist Party of China has also emphasised on preserving industrial

heritage sites, especially in the revolutionary base areas during their conflict with Japanese forces as well as the Kuomintang in the civil war before the establishment of the People's Republic in 1949. This convergence of revolutionary and industrial heritage provides the foundation for the promotion of industrial tourism in advanced technology sectors over the last decade.

In May this year, a joint document issued by seven departments including the Ministry of Tourism, Ministry of Industry and Information Technology and Ministry of Education, explicitly called for expanding the supply of industrial tourism products, promoting more factory tours, activating industrial museums, and turning more manufacturing facilities into tourist destinations. This cross-departmental policy makes promotion of industrial tourism systematic and widens the scope

into areas such as aerospace, robotics, e-commerce, and logistics, where China has been expanding its capabilities. The policy integrates industrial heritage, cultural tourism, education and consumption. Local governments too have joined in, crafting policies suited to their jurisdictions. For instance, the city of Beijing has made plans to integrate its tech hubs into tourism routes to open up robotics factories and autonomous vehicle labs for public viewing.

While the main intention of these tours is to showcase innovation and manufacturing prowess to instil national pride, attention has also been given to the future. The tours are platforms to spark interest in STEM as a sustainable career option among the youth. The growing participation of urban middle-class families in these tours attests to this point. Universities across China have been expanding the number of programmes and enrolments in Artificial Intelligence, robotics, semiconductors and other engineering fields, which has also been underlined in the 15th Five-Year Plan.

By combining tours with research and consumption, companies are able to promote their brands while creating new revenue streams. For example, the tours of Xiaomi's facilities are in high demand, with slots highly priced and allotted through lottery. The factory tours help companies connect better with

consumers. From testing new products to visiting a showroom, the immersive experience builds stronger emotional connection with the brands. Apart from the domestic footfalls, foreign investors, executives and technology professionals are participating in such tours, to observe China's industrial transformation.

A lesson for India

India may not be at the same scale as China in terms of industrial manufacturing and advanced facilities. However, there is space to experiment and diversify the country's tourism experience to include firms in both public and private sectors. While industrial visits and internships for students are part of technical, engineering curricula, it would be worthwhile to make large-scale factories and production facilities open to public visits.

While the Indian government prioritises the 'Make in India' initiative to boost the country's manufacturing ambitions, it could select some industrial hubs for tourism and promote them under 'Learn in India'. Building industrial tourism circuits in States with higher number of manufacturing zones – like Tamil Nadu, Maharashtra and Gujarat – is another idea worth experimenting. (Anand P. Krishnan is a Fellow at Centre of Excellence for Himalayan Studies, Shiv Nadar Institution of Eminence, Delhi NCR)

KEYWORD

Why public intellectuals matter in present-day India

A public intellectual raises questions about the social, political and economic issues of the day using reasoned arguments; the growing assertion of authoritarian tendencies, destruction of democratic practices and criminalisation of dissent make their role more crucial in the present times

D.V. Kumar

The term ‘public intellectual’ has an interesting origin. As Romila Thapar informs us, it was used in connection with Alfred Dreyfus, a Jewish captain in the French army who was believed to have leaked secrets to the German army. Later, it was found that he had not done anything of the kind and was declared innocent. When he was facing charges of having leaked secrets, many artists, teachers, poets and writers came together in support of him. These people came to be called public intellectuals.

A public intellectual is essentially a person who engages with the issues of the day and takes a position in support of what she believes to be true and right. She needs to raise questions about social, political and economic issues of the day using reasoned arguments so that societies would become better places to live in. A public intellectual is somebody who seeks to constantly reaffirm the foundational principles of social justice, human dignity and fraternity.

Challenging authoritarian tendencies

The role of a public intellectual perhaps has never been more critical and important than it is in the present times in India. The growing assertion of authoritarian tendencies, leading to systematic and gradual weakening of public institutions, destruction of democratic practices, silencing and, in fact criminalisation of dissent, disenfranchisement of lakhs of voters on the ground of ‘logical discrepancy’ and bulldozing of houses (especially those belonging to Muslims),’ as well as lynching of people on the grounds of storing beef in fridges and committing ‘love jihad’, are things that everybody is becoming painfully conscious of. If public intellectuals do not speak and raise their voice now, when they would do so is difficult to guess. It is their moral and ethical responsibility to speak up and stand with what is right. Silence is not a virtue in the present times. On the contrary, it can be dangerous. Perhaps, it would be relevant to mention here what Antonio Gramsci, the celebrated Italian intellectual, wrote, ‘I hate the indifferent, also because I am annoyed by their whining as eternal innocents. I ask each of them how he carries out the role that life ordained him and daily imposes on him, what he has and especially has not done. And I feel like I can be relentless and not have to waste my pity, nor share my tears with them... I live, I am a partisan. Therefore, I hate whoever does not take sides. I hate the indifferent’. What he tried to argue was that public intellectuals should reflect and articulate their position on burning issues of the day. If they do not do so, who would do it? It is not that India has not produced great intellectuals. Starting from Buddha in the ancient India upto B.R. Ambedkar in modern times, India has had a glorious tradition of producing outstanding and powerful public intellectuals who questioned the dominant and hegemonic paradigms during their times.

Silence in academia and science

But what one finds in the present times is generalised silence from those who have



Taking a stand: A student protest in 2021 demanding the release of all political prisoners, at Jantar Mantar in New Delhi. REPRESENTATIVE IMAGE

the intellectual and critical faculty to be effective public intellectuals. One could refer to university teachers, poets, writers, artists and others in this regard.

A word or two about university teachers, in particular, would be in order. It is true that one need not be a university teacher to be a public intellectual, but a university teacher who is supposed to have developed critical imagination and the necessary conceptual equipment is eminently suited to be an effective public intellectual. A university teacher is expected to critically debate and articulate positions on issues of the day, however unpalatable they may be to the powers that be. But what one finds is the mysterious silence of these people on issues that are posing a severe threat to our constitutional and democratic framework. Silence is almost normalised among the university academia. If they do not write and speak on the issues concerning especially the marginalised and the weak in the society, who would do?

One may also refer to eminent scientists who could make important contributions to the debates in the society in an impartial and objective manner. Unfortunately, it is observed that they confine themselves to their narrow, specialised fields, making them disembodied and decontextualised individuals. There is a certain reluctance on their part to relate themselves to the surrounding social concerns.

One could take a couple of examples to show what kind of contribution public intellectuals can make, if they wish to, to enrich contemporary debates. Take the example of nationalism. The way it is being constructed in the present times, there is no serious questioning of it (with very few honourable exceptions). There is no critical interrogation of the way in which Hinduism is being weaponised in terms of Hindutva. Also, attempts to convert our inclusive, democratic and

civic nationalism (based on constitutional principles of equality, liberty, justice and fraternity), into exclusive, authoritarian and ethnic (Hindurashtra) nationalism are something that need to be on the top of public intellectuals’ agenda. Sadly, this is not so. They also need to convince people that the European model of destructive, jingoistic and exclusive nationalism is not the right way to strengthen Indian nationalism, which has had a glorious history of fighting British colonialism on democratic, secular and egalitarian foundations.

Questioning fake history

Another example could be that the line between myth and history is constantly blurred, but professional historians (again with very few exceptions) have preferred to remain quiet. Academic historians are clearly not doing their job of questioning fake history (WhatsApp history) effectively. Or, for that matter, take the case of growing communalisation of public consciousness, which is essentially a tool used to divert people’s attention from issues such as unemployment, youth unrest, the unsatisfactory state of public education, price rise, agrarian crisis, etc.

There was a time when eminent scholars were invited to debates on TV channels, where they could enlighten us about many important facets of our history, culture and society. One no longer finds such debates these days. This is because either such scholars are no longer invited to debates of that kind, or they have declined to be part of debates that are now known more for their noise than for meaningful and substantive content. Anyway, one cannot really expect much from the electronic media these days, as they have allowed themselves to be commodified to an unprecedented degree.

What is thoroughly discouraged in the present times is the questioning mind.

When questions are raised about the state of our polity, education, economy and society in general, they are sought to be delegitimised as anti-national and seditious, and even threats of jail are flaunted indiscriminately. Criminalisation of dissent has become normalised. But still if public intellectuals do not speak and make their presence felt now, then it will indeed be a very sad state of affairs in the country. It is true that even their most effective interventions may not result in removing oppressive structures but at least in the long run, they help in enhancing critical consciousness among the people about them.

It is in this context that one needs to appreciate the remarkable resilience shown by young protesters in the recent agitation at Jantar Mantar, in taking their fight to what they believe is its logical conclusion – the resignation of the Education Minister. One lesson that can be drawn from the largely peaceful agitation led by the Cockroach Janta Party (CJP) is that, contrary to popular perception, the youth of the country are not a depoliticised and indifferent lot.

The large participation of young people, many of whom may have had nothing to with the NEET examination, in the protest is symbolic of their political empathy. They desired to show their solidarity, which they did. They raised a critical question of accountability, which is a basic normative feature of any democratic governance, over repeated lapses in conducting national-level examinations, and pursued it with all the might at their command.

We always underestimated the political consciousness of the country’s youth, and we need to apologise to them for this. Every act of resistance is a political act. Perhaps they have begun to play the role of a public intellectual. (D.V. Kumar is a former Professor, Dept. of Sociology, North-Eastern Hill University, Shillong)



FROM THE ARCHIVES

Know your English

S. Upendran

What is the meaning and origin of the expression “be under the weather”? (P. Mala, Hyderabad)

When you say that someone is feeling “under the weather” what you mean is that the person is unwell; he/she is not feeling particularly good. The individual could be depressed about something. Here are a few examples.

Lakshmi has been under the weather lately.

I feel a little under the weather. I think I am coming down with something.

There are many people who hate to travel. Even those who like visiting places may not always be good travellers. Some may get “airsick”, some “carsick” and others “seasick”. The expression “under the weather”, comes from the world of sailing. People who go on a cruise often find that the constant rocking motion of the ship makes them violently sick – they keep vomiting all the time.

When the weather gets really rough, the ship rocks and sways so violently that people throw up even more. Passengers who are unable to cope with the swaying motion are often sent below deck. There are two reasons for this. The first is that they will be away from the inclement weather, but perhaps much more important is that the swaying motion of the ship is felt far less below. This is one of the explanations given as to the origin of the idiom ‘under the weather’.

Is it Ok to say, “Could you drop me till there?” (B.M. Puri, Solani, Himachal Pradesh)

The words “till” and “until” are normally used when you are talking about duration. For example, we can say:

I waited till all the students had left the building.

The students were supposed to study until 10 o'clock.

“Till” and “until” cannot be used to refer to a place. The sentence that you have given is grammatically incorrect. To make it acceptable, you will have to drop “till” – “Could you drop me there?” Here are a few more examples.

Could you drop me off at school?
Could you wait till/until tomorrow?

Is it OK to end a letter to a Principal in the following manner? “Dear Sir, ... Thank you, Yours obediently”. (K L. Bhatia, New Delhi)

When you begin a letter with “Dear Sir” you normally conclude by saying “Yours sincerely”. Some people prefer to use “Yours faithfully”. “Yours obediently” is used quite often in India to show respect. It is, however, considered rather old fashioned by native speakers of English. If you wish to show respect, then you could sign off with “yours respectfully”.

What is a female cat called? (P. Sundaramurthy, Chennai)

A female cat is called a queen. Male cats, on the other hand, are called toms. Cats are generally associated with the female of the species. When you call a woman “catty”, for example, what you are implying is that she is very unpleasant and usually has a lot of nasty things to say about others. When a young girl dresses like a boy and seems to enjoy playing the kind of games that young boys play, she is often called a “tomboy”.
Published in The Hindu on December 18, 2001

Word of the day

Succinct: briefly giving the gist of something

Synonyms: compendious, compact

Usage: *The report provides a succinct overview of the findings.*

Pronunciation: newsth.live/succinct

International Phonetic Alphabet: /səˈkɪn(ə)t/

For feedback and suggestions for Text & Context, please write to letters@thehindu.co.in with the subject ‘Text & Context’

THE DAILY QUIZ

Montreal Protocol, signed on September 16, 1987, turned a 1970s scientific hypothesis into a successful international environmental treaty. How well do you know its story?

Prathmesh Kher

QUESTION 1

Name the British Antarctic Survey scientists whose 1985 paper reported the Antarctic “ozone hole”.

QUESTION 2

What 1985 international treaty, signed by 20 countries and the European Economic Community, established the framework for later ozone regulations?

QUESTION 3

When did the Montreal Protocol come into force?

QUESTION 4

Who is often called the “father of the Montreal Protocol” for his role as UNEP’s head in brokering the deal?

QUESTION 5

What 2016 amendment added a phase-down of hydrofluorocarbons under the Protocol?



Visual question: Identify this French physicist who, together with Alfred Pérot, is credited with the discovery of the ozone layer. LIBRARY OF CONGRESS

Questions and answers to the previous daily quiz: 1. According to the *Padma Purana*, Ganesha got his elephant head in this manner. **Ans: When he refused entry to his father to see his mother while she was having a bath, Siva cut off his head in anger and replaced it with an elephant’s head after regaining his composure**

2. Because of these distinct features, Ganesha is also called *Lambodhara* and *Vakratunda*. **Ans: Pot-belly and curved trunk**

3. In this form, Ganesha knocked over this sage’s ‘*kamandalu*’ to let Kaveri flow to the southern parts of India. **Ans: Crow and Agastya**

4. According to many accounts, Ganesha has two wives. Name them. **Ans: Siddhi and Buddhi**

5. The speciality of the idol of Ganesha located within the Muktheeswarar

Temple complex in Thilatharpanapuri, Tamil Nadu. **Ans: He is worshipped with a human head**

6. Once the *Chandra* (moon) laughed at Ganesha for falling after struggling with his pot belly. Initially Ganesha cursed the moon to become invisible, but later revoked the curse partially resulting in this feature of the moon. **Ans: Waxing and waning**

7. One version of how Ganesha lost a part a tusk, is because of a duel with this avatar of Vishnu. **Ans: Parashurama**

8. According to the *Ganesha Purana*, Krauncha has become an integral part of the Ganesha myth.**Ans: He was a *gandharva* who because of a curse became a mouse/rat and the *vahana* of Ganesha**

Visual: Identify this person and his single biggest contribution to modern-day worshipping of Ganesha. **Ans: Bal Gangadhar Tilak. He made the Ganesha Utsav into a community festival**

Early bird: Utsav Kaushal

Nepal flash floods wash away dreams of clean, easy hydropower

While the flood caught everyone by surprise, the flood risk itself was not new, with the surging waters serving as a reminder of the challenges of development in the Hindu Kush Himalaya amid a changing climate

Sambavi Parthasarathy

The wake of the August 26 flash floods in Nepal, which devastated several towns and villages, killed more than a thousand people, and left several unaccounted for, follows a familiar pattern that emerged after the 2021 Chamoli floods, the South Lhonak Lake disaster in 2023, and the 2024 Thame floods: a call to rethink development in the region in light of risks exacerbated by climate change.

At the centre of this narrative sits hydroelectric power, whose infrastructure has received the region's most attention and investment.

Estimates have revealed that the latest catastrophe extensively damaged at least 13 hydroelectric power projects along the Bhotekoshi and Trishuli river corridors and one solar power plant. According to the United Nations Development Programme (UNDP), about 15 power projects with a planned capacity of 470 MW that were under construction were also damaged.

Sediment problem

While the flood caught everyone by surprise, that there was a flood risk was not new information, with the surging waters only serving a reminder on the challenges of development in the Hindu Kush Himalaya. Between 2014 and 2024, the latest year for which data is available with the International Centre for Integrated Mountain Development (ICIMOD), the region reported more than 2,500 landslides, 258 earthquakes, and several glacial lake outburst floods.

As countries in this part of the Himalaya tap into hydropower, anomalous weather now demands more resilience.

“Hydropower plants don’t have an issue dealing with all the water coming. You can always release water that you cannot use,” Jakob Steiner, a geoscientist at the University of Graz in Austria who is currently based in Bangladesh, said. “There are other things it cannot so easily deal with... and one thing is more sediment,” he added.

“Himalayan rivers in the monsoon carry exceptionally high sediment loads. But we tend to measure water flow and volume, not sediment load in our rivers,” Kathmandu-based water and climate analyst Ajaya Dixit said. “Sediment load is only sporadically monitored, and its threat is downplayed to the extent that the threat of sediment has not been adequately considered in the design of river infrastructure, especially in the case of projects involving reservoirs.”



A man sits on a hilltop overlooking the flood-ravaged valley, damaged buildings half-buried under silt and debris, following the devastating flash floods, in Nuwakot district, Nepal on September 2. PTI

In a 2023 report, ICIMOD noted that the suspended sediment load from the Hindu Kush Himalaya’s headwaters has increased by around 80% in the last six decades thanks to heavier rainfall, accelerating glacier melt, and thawing permafrost.

The increasing sediment levels in turn affect reservoirs’ room to hold water and thus the amount of power the attached turbines can produce. According to a report published by the International Hydropower Association on the Nepal’s Jhimruk hydroelectric power project, most of the sediment is hard minerals like quartz and feldspar, which can wear uncoated turbines and other parts of the power infrastructure away.

This renders maintenance and repair work more frequent, further increasing costs.

Expecting change

As facilities fail, the risk goes beyond lost investments to endangering the lives of the people working at the plant.

“The tragedy of these plants is also, again, a climate justice one. In Chamoli, many of the workers who were working in Tapovan were from somewhere else completely, they were relatively poor, who had no agency, and they were exposed to something that they could not calculate,” Dr. Steiner said. “And to some

degree, you have the same here [in Nepal]”.

According to media reports, at least 900 workers were estimated trapped in Nepal’s hydropower plants. After the Chamoli disaster, around 140 of the 200 killed or missing were reportedly workers at the Tapovan facility.

“I’m certain that things are going to change now, but then I also thought that things were going to change after Chamoli. I would rather say they haven’t changed as much as we would have hoped,” Dr. Steiner added.

Outliers no more

Nepal has limited options: over 90% of its power needs are currently met by hydroelectricity. The mountain country is estimated to have around 83,000 MW of technical hydroelectric potential, with an installed capacity of 3,435 MW by 2025. Some 4,063 MW and 16,029 MW of its hydropower plants were also under construction and planned for construction, respectively. Electricity exports to India and Bangladesh through these plants also brought in about \$200 million as revenue in FY2025-26, which the flash floods are likely to have disrupted.

Its Energy Ministry spokesperson has also said the country will buy electricity from India to cover shortages in the

coming months.

“There are now other renewable alternatives and hybrid decentralised systems available,” said Mr. Dixit. “We need to rethink our broader energy system, and within that context, the role of hydroelectric power. At the very least, we need a risk-informed approach to designing and operating these energy systems so that the risks they face are not externalised onto the economy, society, and people.”

While the August 26 floods were exceptional, he added, such events must now be considered a real possibility rather than outliers – and that areas across the Hindu Kush Himalaya region need significant support in developing the skills and institutional capacity for effective early warning systems.

“This disaster demonstrates that our highest-elevation regions are undergoing profound changes that we do not yet fully comprehend and will require us to change how we live in and live with these mountains,” Mr. Dixit said. “These nations must come together and seriously begin to discuss ways of designing infrastructure that resonate with the emerging reality of a changing climate and environment.”

(With inputs from Gandla Sneha, intern with The Hindu data team)
(sambavi.p@thehindu.co.in)

THE GIST

Climate analyst Ajaya Dixit says sediment risks in Himalayan rivers are poorly monitored and often overlooked, leaving hydropower and river infrastructure vulnerable

In a 2023 report, ICIMOD noted that the suspended sediment load from the Hindu Kush Himalaya’s headwaters has increased by around 80% in the last six decades thanks to heavier rainfall, accelerating glacier melt, and thawing permafrost

Nepal remains heavily reliant on hydropower for electricity and export earnings, with recent flood damage likely disrupting generation and prompting power imports from India

BIG SHOT



Deep dive: A diver inspects staghorn coral fragments growing on an underwater nursery tree, part of an effort to identify which genetic strains best withstand rising ocean temperatures, off the coast of Key Biscayne, Florida, on August 28, 2026. AFP

WHAT IS IT?

Peak water: a flow U-turn

Reuters

The Himalaya are approaching a tipping point as glaciers melt faster than a decade ago, threatening water security as the region approaches “peak water” by mid-century, according to a study released this month.

The findings come after the collapse of a Himalayan glacier in late August along the Nepal-Tibet border, which caused cascading landslides and flash floods in the valleys below. At least 1,300 people have been confirmed dead and more than 5,300 are missing across Nepal and China’s Tibet region.

As glaciers retreat, they are leaving behind unstable glacial lakes held back by little more than loose rock and ice, above valleys where millions of people live, the study found.

Peak water is the point in time when river flows stop rising and start declining. It is expected to have profound implications for water security. As the Himalaya underpin more than 20% of India’s GDP, the region makes up a key piece of the country’s national economic infrastructure, upon which hundreds of millions of people depend.

The study was produced by Systemiq, a sustainability advisory firm, together with the Integrated Mountain Initiative, the International Centre for Integrated Mountain Development, and India’s G.B. Pant National Institute of Himalayan Environment.



Tibetan peak: Snow-covered peaks of the Himalaya are visible in Shigatse, Tibet Autonomous Region, China. REUTERS

Himalayan glacier mass loss had accelerated in recent decades, while only 21 glaciers were currently monitored on the ground out of an estimated 40,000 glaciers across the Hindu Kush-Himalaya region, a vast mountain system spanning eight countries from Afghanistan to Myanmar, the study found.

Though making up around 18% of India’s land, the Himalayan region accounted for roughly 35% of the country’s natural disasters.

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With price pressures, a strong case for rate hike

RETAIL INFLATION, as measured by the consumer price index, edged up to 4.8 per cent in August from 4.45 per cent in July, as per the latest data from the National Statistics Office. Price pressures are being felt across food and non-food categories. The disaggregated data shows that inflation in the food segment rose to 5.95 per cent, driven in part by items such as onion, ginger, and garlic. Core inflation, which excludes volatile food and fuel prices, has also risen. Inflation was elevated in the personal care and miscellaneous goods and services segment. Higher food and fuel costs seem to have pushed up prices in the hospitality sector. Wholesale inflation rose to 9.92 per cent in August, up from 9.78 per cent in July. All this seems to suggest that price pressures are getting broad-based. As per a study by economists at SBI, “data till August indicates that the process of inflation getting generalised has started”.

There is uncertainty over food prices. Crisil's Deficient Rainfall Impact Parameter (DRIP) suggests “elevated vulnerability in cotton, bajra, maize, tur, groundnut and soybean.” Global energy prices have also surged following the escalation in the West Asia crisis after the Houthi strikes on Saudi Arabia. Brent crude oil is currently hovering around \$106 per barrel. The price of the Indian crude oil basket has surged to \$128.7 per barrel as on September 14, up from \$90.2 in August, as per the Petroleum Planning and Analysis Cell. Higher fuel prices will spill over, even if partially, into the broader economy. Inflation is expected to continue to edge up. The RBI has projected CPI at 5.9 per cent in the year's third quarter. Ratings agency ICRA expects inflation to harden to around 6 per cent during October-November, while SBI economists believe that inflation could cross the 6.5 per cent mark, breaching the upper threshold of the central bank's inflation targeting framework.

In August, the Monetary Policy Committee had kept a status quo, keeping the repo rate at 5.25 per cent and the stance at neutral. However, given its expectations — it has projected inflation at 5.7 per cent in the year's second half and 5.3 per cent in the next financial year's first quarter — real interest rates are mildly negative on a forward basis. With resilient growth, broad-based price pressures strengthen the case for a rate hike, even as the RBI works to withdraw excess liquidity from the system.

West Bengal's wrong path to academic excellence

THE PASSAGE of the West Bengal Universities and Colleges (Administration and Regulation) (Amendment) Bill, 2026, sets a troubling precedent for higher education in the state. While the previous law allowed the transfer of teaching and non-teaching staff between colleges under the same university, the legislation empowers the state to move teaching and non-teaching employees between state universities, ostensibly to distribute experienced personnel more evenly across weaker or newer universities to help create new “centres of excellence”. But appointments, academic responsibilities and institutional affiliations are tied to the character of universities. Faculty strength, for instance, is a major criterion for NAAC accreditation. By making it conditional on government discretion — the CM has said the legislation will balance university autonomy with accountability to the government — the law risks weakening institutional independence and teaching quality.

Public universities in the state have, for years, been mired in governance-related disputes, from questions over the Governor's role as chancellor to prolonged vacancies in vice-chancellor positions and disagreements over appointments. The intra-university transfer provision adds to that history by giving the executive broad power without setting out clear criteria. The state Assembly has, in parallel, passed the West Bengal University Laws (Amendment) Bill, 2026, bringing the provident funds of employees of 21 state universities under an existing 1983 framework. These changes make clarity over service conditions and retirement-related entitlements when employees move between institutions all the more important.

Teachers' associations have protested the legislation on several grounds, including the infringement of autonomy. Vacancies exceed half of the sanctioned strength across state universities; in Calcutta University alone, over 40 per cent of teaching posts reportedly lie unfilled. Many universities announced during the second term of the Trinamool Congress government in 2017-18 have no permanent campuses or adequate infrastructure. Redeploying staff will merely redistribute an existing shortage, not address the deficit that has chipped away at the state's once-formidable higher education system. The fear of “punishment postings” also gives young academics one more reason to leave Bengal's public system altogether, for private universities and opportunities in other states, or overseas. The state requires sustained investment in filling vacancies, adequate grants, and governance structures that outlast electoral cycles. The path to centres of excellence lies not in making them more dependent on the executive but in creating conditions under which universities can attract, retain and inspire talent for the long haul.

The gibbon's song, the noise of man

IN THE jungle, the sound of silence is a cacophony. A chorus of insects, birds, mammals and reptiles talk within and across species, often to each other's benefit. The dark lar, or white-handed gibbon, is a particularly adept vocalist, and its range has been compared to an opera singer's. Like the langurs of the Subcontinent, the white-handed gibbon's calls communicate among members of a troupe and also serve as an alarm for approaching predators and intruders for other species. Unfortunately, the soprano of the simians is singing less.

A report in *The Guardian* about research by an international team on the dark lar in Malaysia shows how the animal is less vocal when it is close to human settlements. A growing body of research shows how the constant noise from “civilisation” is affecting animals. In the case of social animals like the gibbon, their silence in response to traffic could affect their community life. The greater impact may be on other species that rely on the dark lar's call as an alarm.

In the jungle, the monkey warns the deer, the vulture and dung beetle keep things running. Of course, there is no going back to a kind of nature without human influence. And people need to live, work and travel — the noise of man is its own sign of life. In some tragedies, there are no villains. And if the gibbon stops singing, it would be tragic indeed.



RAJA MANDALA
BY C RAJA MOHAN

AFTER THE BRICS summit in New Delhi, global geopolitical attention shifts to Washington, where Chinese leader Xi Jinping is headed next week. If “multipolarity” was the theme song in Delhi, “bipolarity” will be the signature tune in Washington. The second meeting between presidents Donald Trump and Xi this year is part of an intensive series of exchanges. After Washington, Trump and Xi are likely to meet in Shenzhen, China, on the margins of the APEC summit. If the current buzz of a trilateral summit proves real, Russia's Vladimir Putin could join Trump and Xi there. The focus would then turn from a G2 to a possible G3 world. Further opportunities for great-power diplomacy could present themselves in Miami, where Trump hosts the annual G20 summit in December.

Many of these multilateral gatherings, such as BRICS, APEC, and G20, are routine annual affairs. Despite the political glamour attached to these events in Delhi, significant collective progress in these meetings is rare. But these forums are useful venues where critical bilateral meetings take place. The highlight of the Delhi BRICS summit, for example, was the attempted reset of India-China relations by Prime

Minister Narendra Modi and President Xi.

What gives the multilateral summits some salience this year is the churn in great-power politics triggered by Trump's disruption of US foreign policy, relations with allies and rivals, and the American approach to the burdens of international order. Underlying that churn is the more important structural change in the distribution of global power in favour of China and America.

Both BRICS and the G7 are increasingly marked by the overwhelming economic weight of a single power — China in the first and the United States in the second. China accounted for less than half of BRICS' combined GDP when the original BRIC forum with four members was formed in 2006. Despite subsequent enlargement to eleven members, China now accounts for roughly three-fifths. Whether we like it or not, Beijing continues to outgrow BRICS in economic size and geopolitical influence.

The G7 has seen a comparable shift. America now accounts for close to three-fifths of the group's nominal output, against less than two-fifths three decades ago. Japan's stagnation, Europe's weaker growth and demographic pressures, and American advantages in energy, capital markets and artificial intelligence have widened the gap. Trump's willingness to turn harshly on America's closest partners — whether Canada or Britain in the Anglosphere or NATO and the EU — rests, in part, on this expanding American economic preponderance.

Does China's dominance in BRICS and America's preponderance in the G7 mean we are headed to a G2 world? Not necessarily. But it

Organisations like the APEC, BRICS, EU, G7 and NATO don't shape the world order. They operate within the parameters set by great-power politics

Don't let borders blind us to Himalayan risks



SRINIVAS CHOKKAKULA

THE FURY of the floods in Nepal, with the shocking social-media visuals, has made GLOF — Glacial Lake Outburst Flood — almost a viral hashtag. Emerging evidence suggests the floods were not technically caused by GLOF, but were the result of an avalanche that turned into a cascading debris-flow hazard. Instead of repeating the clichéd clarion calls about nature taking notice of the Anthropocene, we may be better off paying attention to something more elementary — geography.

The spectacle calls for a kind of geographical revanchism — a reassertion of South Asia as a geographical and ecological region, rather than a collection of disparate political territories. GLOFs know no borders. Our responses cannot be geography-blind. The manner in which the disaster unfolded should shake the territorial imaginations that we often hold onto when we engage with our neighbourhood. Rivers are central to South Asia's geographical imagination. They cannot just be seen as sources of water to be allocated; they are also carriers of shared risks. The origins of the GLOF in northern Nepal meant that it bore much of the immediate brunt. But India shouldn't be complacent.

India has experienced similar incidents, with implications for its water security. In 2014, a landslide over the same river, Bhote Koshi, led to the creation of a lake impounded by the landslide. India collaborated with Nepal to breach the lake in a controlled manner to reduce the downstream impact. In 2023, the South Lhonak GLOF in Sikkim again demonstrated the speed and scale with which Himalayan hazards can have cascading impacts across settlements and critical infrastructure.

We tend to underestimate the costs of these incidents and do not account for how they can set infrastructure, livelihoods and development trajectories back by several steps. Repeated disruptions to critical infrastructure and water systems cannot be peripheral concerns.

India is not oblivious to these risks. The Parliamentary Standing Committee on Water Resources, in its 2023 report on glacier management in the Himalaya, discussed flash floods associated with glacial melting and the risks of glacial lake outbursts. It made several recommendations on glacier management, including the need for systematic data gathering and monitoring of glaciers in

the Indian Himalayan Region to develop actionable plans. The Committee recognised transboundary coordination as a core challenge and pointed to the absence of a mechanism and the lack of provisions within existing treaties for dealing with glacier-linked risks. It urged the Ministry of Jal Shakti to urge the Ministry of External Affairs to have some kind of agreement with neighbouring Himalayan countries.

This points to a larger issue. Rivers can no longer be peripheral to geopolitical conversations. Geography determines river courses, and with them, the distribution of power and vulnerability. Risks can disrupt conventionally understood power relations, if not flip them. The Himalayan reality and its emerging risks pose the bigger question: How do countries bound by geography jointly manage trans-territorial risks?

Nepal, India, Bangladesh and other neighbouring countries need to reconsider strategies and institutions that remain organised around political boundaries, even as the risks they must manage increasingly transcend them. When it comes to risk, an upstream riparian need not necessarily have complete advantage. There is also a need to rethink water treaties from this new angle.

The Himalayan cryosphere, combined with the geography of its river systems, calls for reimagining the region itself. Regional institutions may be imperfect, but the scale of the emerging risks makes it increasingly difficult to justify marginalising them. The region is interconnected by the ecologies, river systems, and climate dynamics, but the institutions through which the countries in the region engage with one another remain largely detached from shared systems and risks.

There is an opportunity here for India to convene, to build institutions around shared risks. A Himalayan early-warning network, shared cryosphere-risk assessments, common protocols for GLOF and flash-flood alerts, and regular exercises involving disaster-management agencies could be the practical foundations for cooperation around shared risks.

The idea of imagining South Asia around shared environmental risks is not new. What is new is the urgency that GLOF-like risks bring.

The writer is president and chief executive, Centre for Policy Research, New Delhi. Views are personal

is quite evident that the world economy is developing a G2 structure, dominated by America and China. Washington and Beijing are the only states with the scale to shape global economic order, technology standards, and supply chains. They are also deeply interdependent. Each seeks to reduce vulnerability to the other, but neither can readily escape the other's market, technology, capital or industrial capacity.

The Trump-Xi meetings this year are not likely to herald a US-China condominium. Their disputes over trade, technology and Taiwan are too deep. But they are based on the recognition that Washington and Beijing must manage their rivalry through sustained high-level contact. The nature of that management, however, has implications for the rest of the world.

Unlike the clear pattern in the global economic order, the situation on the strategic front is more complex. Although economically diminished, Russia retains enough military power, geographical reach and diplomatic weight to influence the balance between the two giants across Eurasia. Unsurprisingly, Moscow has drawn Beijing closer than ever before, while Trump has made an American overture to Russia. This does not mean that the US can easily detach Russia from China. Trump's Russian play is complicated by the conflict between Moscow and Europe over Ukraine. Progress in Trump's peace initiative in Ukraine, however, could set the stage for a US-Russian rapprochement, and a G3 summit as well as Putin's presence at the G20 meeting. Unlike the G7, the G20 includes China, Russia, India, Brazil, Indonesia, Saudi Ara-

bia, South Africa and other consequential non-Western powers. Unlike BRICS, it includes the US, Europe and Japan.

The changing distribution of power has helped America and China loom larger than ever before in the G20. Differences between the US and China at the G20 finance ministers' meeting in Washington this month prevented the forum from issuing a joint statement, with China objecting to language on trade surpluses and export-led growth. When the US and China disagree, they undermine the hope that the G20 is capable of collective action on the economic front. But bilateral deal-making between Washington and Beijing could also come at the expense of other actors in the G20.

India might want a multipolar world, but we are not there yet; arguably, we might even be moving away from it. For now, Delhi must deal with the intensifying great game — whether it is G2 or G3 — that is set to define the future of the international order. Organisations like the APEC, BRICS, EU, G7 and NATO don't shape the world order. They operate within the parameters set by great-power politics. With the BRICS party over in Delhi, the Indian foreign policy elite needs to wake up from its self-indulgent reverie and pay attention to the changing global distribution of power and the geopolitical realignment between America, China, and Russia.

The writer is a contributing editor on international affairs for The Indian Express. He is also a distinguished professor at the Motwani Jodha Institute of American Studies, Jindal Global University, and the Korea Foundation Chair at the Council for Strategic and Defence Research, Delhi

Saudi Arabia is facing a two-strait dilemma



R SWAMINATHAN

YEMEN'S CIVIL war, which commenced in the aftermath of the Arab Spring, has flared up with renewed intensity. The latest Houthi offensives have resulted in their control of the Red Sea coast of Yemen and the Bab el-Mandeb Strait — the sole gateway between the Red Sea and the Gulf of Aden, providing access to the Suez Canal from the Arabian Sea, carrying roughly 12 per cent of global trade. While the Houthis have threatened the waterway with long-range weapons in recent years, occupying Perim Island gives them an unobstructed line of sight over commercial traffic.

After Saudi fighter jets attacked and damaged the Sana'a airport runway in Yemen to prevent an Iranian plane from landing without clearance, the Houthis declared a naval blockade of Saudi Arabia, followed by regular attacks on Saudi tankers in the Red Sea as well as its oil-related facilities. The lack of support from Saudi-backed forces for UAE-aligned factions deployed along the coast, aggravated by internal infighting, has enabled the Houthis to seize the Bab el-Mandeb with minimal resistance. Following the disruption in the Strait of Hormuz, Saudi Arabia has relied primarily on oil exports from its Red Sea port of Yanbu, supplied by the 1,200-km East-West pipeline from its eastern oilfields. Nearly 70 per cent of this oil was transported to Asia through the Bab el-Mandeb prior to the Houthis' naval blockade in July.

Since then, flows through the Red Sea strait have dwindled sharply as Saudi Arabia rerouted Asian shipments through the Suez Canal and around the African continent. In fact, Saudi Arabia was compelled to curtail its crude oil production to the lowest level in August this year at 6.2 million barrels per day (bpd), compared to over 10 million bpd in January. While promising intelligence, Donald Trump was said to have refused the Saudis' request for direct US involvement. The US does not wish to open another front and any direct American or Western intervention is bound to lead to the Houthis broadening their strikes, with immediate repercussions for global oil markets, a spike that Trump is keen to avoid ahead of the US midterm elections in November.

As for the Mecca Alliance partners, Pakistan and Turkey seem reluctant to get involved militarily in Yemen, except in the event of an invasion of Saudi Arabia. They are also concerned about the prospect of provoking the Houthis further. In 2015, Pakistan refused the Saudi request to take part in the Yemen war, notwithstanding their 1982 bilateral security agreement. Saudi Arabia is also confronting the reality of US reluctance to come to its rescue.

The Houthis have proved themselves to be resilient fighters. When the US targeted them in 2025, they were reported to have shot down several American drones and nearly hit a number of fighter jets. Emboldened by recent successes, the Houthis have started moving to capture Marib, east of Sana'a, the centre of Yemen's oil and gas industry, to further strengthen their bargaining position. The takeover of Bab el-Mandeb has strengthened both Houthi and Iranian leverage. Iran has added ending the “blockade of Yemen” as one of its conditions for a lasting settlement with the US. Facing a reluctant US, hesitant Mecca Alliance partners, and two-sided maritime chokepoints, Riyadh may have to concede to the Houthis' demands that it has resisted for years, unless its counterattacks are swiftly able to succeed.

The writer is former ambassador to Egypt and former permanent representative to the Arab League

40 YEARS AGO

September 16, 1986



Seoul on high alert

THOUSANDS OF National Police officers, backed by military units, were put on full alert in Seoul as the government braced itself for possible further terrorist action following the airport blast. President Chun Doo-Hwan personally inspected the damage at the Gimpo (International) Airport arrival terminal.

Clashes in Srinagar

SEVERAL PEOPLE were injured in Srinagar when students clashed with the police and

set a car on fire at Sheikh Bagh, near Lal Chowk. The students were taking out a procession, demanding “justice” in allotment of engineering college seats. The trouble started when students of the Regional Engineering College boycotted their classes alleging that the majority community had not been given proper representation.

Floods claim 17 lives in UP

FLOODS AND widespread rains in Uttar Pradesh claimed 17 lives, official reports said. Twelve people were killed in Rae Bareilly dis-

trict, while five members of a family were drowned while having a bath in the swollen Sarayu river at Ayodhya.

US warning to ‘smaller nations’

WHILE INDIA and other developing countries continue to gather support for their stand against the introduction of services in the new GATT round, the United States warned “smaller and export-dependent nations” that protectionist measures by industrialised countries could have a devastating effect on them.



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A politics of the young needs to open up and include, speak to new — and old



VANDITA MISHRA

SOMETHING SEEMS to be changing since the Jantar Mantar sit-in became a movement that forced the Narendra Modi government to listen, and bend. If that change is not just a short-lived excitement that fizzles out before the next election comes, if it is to go beyond the selfie-style vertical videos starring Prime Minister Narendra Modi, or the curated stage of Rahul Gandhi's "Chhatron ki Goonj" that makes space for his young audience's stories, or the Instagram duel between Congress and BJP — what would it be? Is there a new politics of the young that will survive, after young protesters' voices, amplified by social media, have faded?

The question, really, is this: Is the students' movement that speaks of education and jobs carving out new common ground and new solidarities, smudging the lines of a divided politics?

That question has a back story. In the journey of a large and diverse nation, two tendencies have coexisted imperfectly — one, that breaks down the whole into its constituent parts, and the other that puts parts together to construct a new whole.

The first effort is necessary so that all the parts feel seen and heard, so that the weaker among them are not shouted down by the dominant, and so that inequalities and injustices are not papered over in the name of an artificial unity. The first-past-the-post electoral system, which offers a powerful incentive for a catch-all politics, makes this second effort — of connecting the dots and adding up — a strategic necessity. But softening the fault-lines and stitching together more enveloping imagined communities is also a political imperative. It addresses the people's yearning for wider circles of belonging, which sits alongside their need to be acknowledged and addressed separately.

The students' movement comes after the two grand political projects of the '90s, Man-



ILLUSTRATION: C.R SASIKUMAR

dal and Mandir, broke down the whole into its parts and then could not put them back together again. At the same time, other attempts to construct new communities have been much too episodic and erratic.

The Mandal project oversaw the splitting of the polity into its constituent castes. In its best version, after applying social justice as balm and corrective, the outcome was to be the putting back together of a more equal society. But the second process was thwarted because the legitimising principle of social justice gave way to a proportional representation arithmetic — "*jiski jitni sankhya bhaari...*" This meant that castes lines became more impermeable and even when caste groups came together with others in alliances, there was little effort to forge a shared language or common understanding.

In a nation still carrying the scars and silences of Partition, a version of the Mandir project — one that may well have been a retrospective add-on, post-2014, to airbrush an inherently violent and exclusionary story — was about deconstructing a denial. It was to be about acknowledging the unaddressed challenge festering under slogans of "unity in diversity". This version of the Mandir project could, arguably, have led to a bottom-up reworking of the terms of religious co-existence — from fear, prejudice

Over the years, attempts have been made to sidestep the hardened lines of Mandal and Mandir, and forge new communities across them, on the basis of ideas that are unifying or overlapping

and violence, to respect, pluralism and diversity. But a Hindutva leadership that sought to inflame and polarise, and the demolition in 1992 of the Babri Masjid, crushed the possibilities, if any were there in the first place, of a rebuilding.

Over the years, attempts have been made to sidestep the hardened lines of Mandal and Mandir, and forge new communities across them, on the basis of ideas that are unifying or overlapping.

In no particular order: Mayawati's experiments in UP of adding the "plus" vote to her "core" base and Nitish Kumar's carving out of a breathing space in the middle of a "coalition of extremes" in Bihar. The Aam Aadmi Party's attempt to construct a politics around the government school and mohalla clinic. Modi 1.0's tapping into the "aspirational" vote (alongside Hindutva). Prashant Kishor's pitch that exhorts voters to ask what is best for their children, above all. Vijay's appeal in Tamil Nadu to a seemingly abstract people, that includes those mobilised by Dravidian politics but is not defined by it.

Each of these attempts has faced, or continues to face, difficult

challenges. The experiments of Mayawati and Nitish used the building blocks of caste and added the cement of "*bhaichara* (brotherhood)" and "*sushasan* (good governance)", respectively, to build cross-caste and cross-community alliances. Nitish was much more successful, but his framework has not been able to survive his political exit. Mayawati's outreach has been beset with an unchecked shrinking that has all but ruled the BSP out of the race after her 2007-2012 heyday in UP.

The AAP's imaginative model has been weakened by the party's showboating, by the vindictive targeting of its government and leadership by the BJP, and by a more substantive failure that continues to chase it. Even as AAP sidesteps the old Mandal and Mandir fault-lines, it needs to find new and creative ways of engaging with caste and religious inequalities — else, it runs the risk of a friendly neighbourhood solutionism narrowing its project irretrievably.

Modi's courting of the aspirational voter on the move has, in his second and third terms, conspicuously taken second place to the BJP's no-holds-barred bid to conquer-and-occupy and its ideological fixities. Both Prashant Kishor and Vijay are a work in progress — Vijay is the outsider who has broken through while PK is still to widen the Bankipur opening. Both need to establish the contours of the idea that animates their politics — it is not an offspring of the old frameworks, and that is its strength, but if it does not negotiate with them on its own terms, it will be overpowered and defeated by their legacies.

That is also the challenge for the Gen Z movement. It has a new idea and form. It has shown unifying possibilities. But there is work to be done. It needs to find a new language to address the old and resilient issues, be it persisting caste inequalities or shrinking spaces for minorities, economic stress on uneven ground or strains in a federal polity.

If a politics of the young is not to be transient, like youth is, if it is to endure, it needs to find ways of both reimagining the whole and addressing the parts. The youth movement's idea of the future must open up and include many more — beyond the young.

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What about the father's leave? It is parenting, not just mothering



THAMIZHACHI THANGAPANDIAN

ON AUGUST 18, Tamil Nadu's Human Resources Management Minister, D Sarathkumar announced that women government employees would now receive 365 days of maternity leave for the birth of a third child, up from the earlier 12 weeks. The state government called it a step towards women's empowerment and social welfare, and framed it as a response to the state's declining fertility rate. On the surface, this is a welcome correction. The Madras High Court had also observed that the physical and caregiving demands of childbirth do not diminish because a woman is having her third child. Twelve weeks was never enough, and removing that arbitrary cap was overdue.

Yet, I find myself returning to a question this scheme cannot answer, one I suspect it was never meant to ask. Why does the father's leave never grow longer?

Tamil Nadu did not arrive at this question recently. It was Periyar's Self-Respect Movement that insisted that marriage and motherhood were matters of a woman's dignity and consent, not obligations owed to custom, or family. It shaped how Dravida Munnetra Kazhagam (DMK) governments approached women's welfare — not as a single generous gesture but as sustained, structural change. The Kalaigarnar government gave daughters equal rights to ancestral property, 16 years before the Union government followed in 2005. Free bus travel widened where a woman could go without needing a man's permission or her family's spare change. The Kalaigarnar Magalir Urimai Thogai placed a monthly sum directly into women's hands, recognising that independence requires economic control.

Historian Linda Gordon has argued that we cannot explain, or correct, women's oppression by cordoning off reproduction from how work, wages and time are organised for everyone else. Tamil Nadu's maternity leave scheme does precisely this. By speaking only in the language of welfare and care, it presents the lopsided division of parental responsibility as a natural difference between mothers and fathers.

Sweden offers a useful lesson here. In 1974, it became the first

country to replace maternity leave with a gender-neutral parental leave benefit, allowing parents to divide it between them. However, fathers' participation remained low for decades because leave could simply be transferred to mothers. Sweden eventually introduced non-transferable leave reserved for each parent. The lesson is not that fathers should be given leave, but that policy has to be designed in a way that makes caregiving a shared responsibility.

We have not even begun

this conversation. We do not have a national paternity leave policy worth the name, let alone one built on the understanding that raising a child is not a woman's assignment with occasional male assistance.

This brings me to the second, more uncomfortable part of the government's own justification: That this measure responds to a declining fertility rate. But extending maternity leave does not address why fertility is declining in the first place. Across the world, women are choosing to have fewer children because the economic and social cost of raising a child has become harder to justify. If we are serious about reversing declining birth rates, the answer is paid, mandatory, non-transferable leave for fathers.

I am reminded of Betty Friedan's *The Feminine Mystique* (1963) and how carefully, in the postwar years, domesticity was repeatedly sold to women as fulfilment rather than constraint. There is a version of that same story being retold today, dressed in the language of welfare and women's empowerment.

There is a question this scheme does not ask. A year of paid leave tied to a third pregnancy does not exist in a vacuum. A scheme that pushes women towards childbearing risks placing marginalised women in vulnerable positions while failing to address the larger question of care. A woman's body, and what she chooses to do with it, is not a lever for the state to pull in service of a fertility target.

This scheme, then, is not the full response to declining birth rates and the unequal burden of care it presents itself as. Every woman who benefits from this scheme deserves that time, and more. But if this is the full extent of the state's response, it tells us something about where Indian society still places responsibility for the next generation, regardless of who is in government. Until that changes, adding more days to maternity leave will not solve the problem it claims to address.

The writer is DMK Lok Sabha MP, Chennai South

LETTERS TO THE EDITOR

Tata saga

THE RBI'S rejection of Tata Sons' application to remain unlisted is a welcome step toward accountability ('Listing Tata Sons will lead to transparency', *IE*, September 15). For too long, this sprawling conglomerate has operated with opaque governance while wielding enormous influence across sectors vital to our economy. The Tata Trusts fear losing control, and their concerns deserve hearing. But public interest must prevail over institutional convenience. A listing would bring price discovery, scrutiny of capital allocation, and clarity on loss-making ventures like Air India. The Tata board must now embrace this as an opportunity to modernise, strengthen accountability, and restore public confidence in one of India's most respected business houses.

K Chidanand Kumar, Bengaluru

Taming AI

THE CONCERN raised about how to tame AI and make it work for us instead of the other way around is understandable, but it may be premature to treat that possibility as reality ('What if machines get the power to decide for us', *IE*, September 15). There is a need to distinguish between risks requiring safeguards and fears amplified by uncertainty surrounding an evolving technology.

Vaibhav Goyal, Chandigarh

Simplify verification

AADHAAR CAN help clean electoral rolls, but it should not become the sole test of citizenship or voting eligibility ('Government trusts Aadhaar on welfare. It needs to rely on it to make voter lists', *IE*, September 15). Election authorities could use Aadhaar only as one verification tool, supported by other documents and a transparent appeal process. Special care is needed for migrants, elderly citizens and those facing documentation difficulties. A secure, inclusive and independently audited system would strengthen both electoral integrity and public confidence.

MBRathi, Bengaluru



PAROMITA CHAKRABARTI

AHEAD OF Durga Puja, Dharendra Krishna Shastri, the godman who runs Bageshwar Dham, has called upon Bengali Hindus to abstain from eating non-vegetarian food during the festival, branding those who do as "*pakhandis*". In much of India, vegetarianism, especially around Navratri or Sawan, has become a litmus test of devotion. But in West Bengal, the line between a *bhakta* (true devotee) and a *bhanda* (hypocrite) has never rested on dietary choices.

The community *pujos* make this clear — the queues for the *bhog* are matched by those outside the plentiful non-vegetarian food stalls that dot the perimeter of the pandals. The Shakta tradition in Bengal — the worship of Shakti, the divine feminine to which both Durga and Kali belong — has historically accommodated meat, fish and animal sacrifice. Vegetarianism happens to be one of the many paths to the goddess, not a necessary precondition.

What Shastri's remark brings into focus, then, are two very different ideas of what religious faith should look like. One treats food and abstinence as markers of purity. The other sees faith as something that can accommodate different practices and forms of devotion.

His remarks were followed by a revealing sequence of responses. BJP state president Samik Bhattacharya distanced the party from it. Chief Minister Suwendu Adhikari partook in the *bhog* at the Kalighat

The Durga Puja in the state has always been less about enforcing sameness than about making room — for different rituals and even different reasons for showing up

temple, eating fish and basanti pulao on camera, even as the VHP issued "guidelines" to puja organisers to keep the sale and consumption of non-vegetarian food away from pandals to preserve the festival's "sanctity". A Congress leader who had filed a police complaint against Shastri was arrested. Within a week, the ruling party and its affiliates came to be proponents of a purity campaign and its most conspicuous violators.

This apparent anomaly can be understood when placed in context of the BJP's victory in the state in May. For a decade, the party had fought the "outsider" charge in Bengal — the Trinamool Congress' "Bengali *asmita*" campaign, which painted the BJP as a Hindi-belt import — *bohira gato* — with no understanding of what being Bengali entailed. The party's victory required it to shed that label; in the run-up to the elections, its campaign had focused on leaders eating fish and assuring the electorate that it was attuned to its diet and culture. And so, ahead of the state's biggest festival, the vegetarian-purity code that plays as content for a north Indian godman's YouTube audience is one

a state government must publicly breach to prove it belongs to the region it now governs. What looks like the party's own moral messaging failing when it comes in contact with Bengal is two tracks of the same movement: A portable, tele-genic orthodoxy for national branding, and a vernacular, accom-

modative face in the state.

Behind the electoral calculus, however, what remains is a simpler truth about how people practise faith: What Vivekananda's teacher, the mystic Ramakrishna Paramahansa, called nana mat, nana path — as many faiths, so many paths.

The Durga Puja in the state offers a way to understand this. It has always been less about enforcing sameness than about making room — for different rituals, different forms of devotion, and even different reasons for showing up. It has allowed the religious tradition to remain alive by placing it within a larger shared world, where participation does not need a rigid checklist of dos and don'ts. The pandal is simultaneously a sacred space, a work of art and a meeting place. Thousands participate in its rituals; many others partake of its atmosphere, and its communal life. Some come for the *pushpanjali*, some for the food stalls, and some simply because this is when Bengal comes together. The festival's rare quality is its capacity to accommodate different degrees and forms of participation.

That may be the essence of *sharodotshob* — not that everyone worships in the same way, but that, for a few days every autumn, multitudes can find themselves as part of the same celebration.

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Not shaking hands, a flawed patriotism test

lier in the tournament, Harmanpreet Kaur's team had continued Indian cricket's no-handshake policy against Pakistan.

The "policy" began with Suryakumar Yadav-led India at last year's men's Asia Cup, in the aftermath of the Pahalgam terror attack and the dramatic deterioration in ties between the two countries. India played Pakistan because it was a multinational tournament, but Suryakumar's side refused the customary handshakes. After beating Pakistan in the final, they also refused to accept the trophy from Naqvi. The women's team has now followed that template.

India has a Pakistan policy in sports. Why should cricket be distinct? The government decides the broad parameters of engagement. India does not play bilateral cricket against Pakistan, but participates in multinational events in which Pakistan is also competing. That is why India played the Asia

Cup. That is why Indian and Pakistani athletes will compete against each other at the Asian Games, starting Saturday.

But cricket has now created another distinction. You can play Pakistan. You can compete against them for a continental title. But shaking hands? That, apparently, is where patriotism begins.

You can play Pakistan. You can compete against them for a continental title. But shaking hands? That, apparently, is where patriotism begins

he is also Pakistan's interior minister and chairman of the Pakistan Cricket Board. That is why the decision to avoid him has a political dimension beyond an ordinary presentation ceremony. What happens at the Asian Games, though? What if a Pakistani sports administrator holding a continental position is asked to present medals?

The BCCI says their decision is to respect the "prevailing sentiments in the country" to align with the government. Nowhere has the government stated, at least publicly, that cricketers — or any athletes — should not shake hands with Pakistanis or not receive trophies from Pakistani officials.

The BCCI has spent decades guarding its autonomy. When questions of regulation, transparency and public accountability arise, Indian cricket is quick to emphasise that it is different from other sports. But once Pakistan enters the frame,

autonomy gives way to nationalism. It cannot work both ways.

The BCCI is entitled to argue that the India-Pakistan relationship demands caution. What it cannot do convincingly is play Pakistan when the tournament demands it, draw a line at a handshake or a trophy ceremony, and then allow those gestures to suggest a higher form of national commitment.

One day, at an Asian Games or another multi-sport event, the larger picture may become impossible to ignore. Indian athletes will shake hands with Pakistanis. Some will share a podium. Some may receive medals from officials they would not otherwise choose to meet. If the cricketers alone turn away, it won't make them look more patriotic.

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A SHARP JUMP IN SHIPMENTS TO THE US DROVE THE OVERALL GOODS EXPORTS IN AUGUST

August goods exports soar 26%

Ravi Dutta Mishra
New Delhi, September 15

INDIA'S GOODS exports in August jumped 26%, driven by a sharp jump in shipments to the US which rose by over 20% amid lower tariffs on India goods compared to last year, when heightened tensions with Washington led to 50% tariffs by August 27, 2025, according to data released Tuesday by the Ministry of Commerce.

In August, exports to the US jumped over 21% to \$8.3 billion compared to \$6.8 billion. This was the sharpest export jump to Washington this calendar year.

Depreciation in the domestic currency by over 10% also helped India's goods exports jump 26% to \$43.81 billion in August this year compared to \$34.74 billion during August 2025. Lower gold imports also helped goods imports last month grow at a slower pace of 14.05% to \$70.67 billion compared to \$61.96 billion in August 2025. This is the first time during the ongoing financial year that gold imports declined sharply to \$2.30 billion in August this year compared to \$5.44 billion in August last year.

"Goods import growth is lower than export growth. This has helped the goods trade deficit decline from \$26.86 billion in August this year compared to \$27.20 billion in August 2025,"

India's country-wise merchandise export



S.NO.	COUNTRIES	2024-25	2025-26	% CHANGE	AUGUST,2025	AUGUST, 2026	% CHANGE
1	USA	86,514	87,313	0.9	6,829	8,320	21.8
2	UAE	36,638	37,359	2.0	3,217	2,378	-26.1
3	CHINA	14,252	19,471	36.6	1,207	1,840	52.3
4	SINGAPORE	12,976	11,864	-8.6	720	1,878	161.0
5	NETHERLANDS	22,763	17,501	-23.1	1,698	878	-48.3

(SOURCE: DEPARTMENT OF COMMERCE STATISTICS DIVISION, DGFT; VALUE IN US\$ MILLION)

Commerce Secretary Rajesh Agarwal told the press.

The sharp jump in exports this August comes on a lower base, as US tariffs last year had begun impacting India. The first set of 25% reciprocal tariffs came into effect on August 7, 2025. And by August 27, additional tariffs of another 25% over Russian oil imports also came into effect, raising the overall tariffs to 50%.

Compared to August last

year, India's exports are only facing 10% tariffs. Meanwhile, economists said that the sharp rupee depreciation is also helping exports, but the benefits may be more visible in high-margin products.

An HSBC report last month said that high-tech exports (around half of core exports) show relatively higher uplift after rupee depreciation. "Within this bucket, machinery, electronics, and trans-

port show the most positive response over the two- to three-quarter horizon," the report said. "This is followed by low-tech exports, which respond modestly to the depreciating currency. Marine goods and food products show the most positive response in this category, and then have mid-tech exports (about one-third of the core exports), which show negligible response, and the results hold across categories like tex-

tiles, footwear, plastics, and stones, the report said. During the April to June quarter, high-end products such as engineering goods, electronics and pharmaceuticals grew 18.1%, 22.6% and 6.8%, respectively, and several labour-intensive sectors registered a sharp decline. Textile exports slipped 12.4%, while leather products declined 4.7%. Exports of low-margin products such as fruits and vegetables, ceramics and glassware, and jute products fell 10.3%, 25%, and 13.4%, respectively. Tea exports were under particular pressure, falling 17.5%. Of the 31 export sectors, 11 posted a year-on-year decline in April-June.

Non-petroleum and non-gems & jewellery exports in August 2026 also jumped by 22.72% to \$34.68 billion compared to \$28.26 billion in August 2025. Non-petroleum, non-gems & jewellery imports meanwhile in August 2026 were increased by 18.92% to \$49.22 billion compared to \$41.39 billion in August last year. SC Ralhan, president of the Federation of Indian Export Organisations, said the 26.12% growth in merchandise exports in August is encouraging and reflects the resilience, competitiveness and adaptability of Indian exporters.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

Unemployment rate dips slightly to 5% in August

Press Trust of India
New Delhi, September 15

THE OVERALL unemployment rate (UR) among persons aged 15 years and above dropped slightly to 5% in August, as per the Periodic Labour Force Survey (PLFS) data released on Tuesday.

According to an official statement, the overall UR among persons aged 15 years and above declined marginally from 5.1% in July to 5 per cent in August. The UR also stood at 5.1% in August 2025.

During the same period, the rural unemployment rate decreased from 4.5% to 4.1% month-on-month, while urban UR remained almost stable at 6.8% in August compared to 6.7% in July. Compared with

August 2025, the overall UR and urban UR remained broadly stable in August 2026, whereas the rural UR declined by 0.2 percentage point to 4.1% in August against 4.3% in the same month a year ago. Since January 2026, rural UR recorded its lowest level in August, it stated.

The overall UR among males aged 15 years and above declined for the third consecutive month, reaching 4.9% in the month under review from 5.4% in May 2026. The rural male UR declined from 4.6% in July to 4.3% in August, while urban male UR marginally rose from 5.9% to 6.1% during the same period. Among females aged 15 years and above, overall UR declined for two consecutive months to 5.1% in August 2026 from 5.9% in June 2026.

Strong institutional appetite for NSE's IPO, says its CEO

Press Trust of India
New Delhi, September 15

DEMAND FOR the National Stock Exchange's (NSE) anchor book has been much higher than expected ahead of the exchange's Rs 22,569-crore IPO, Managing Director and CEO Ashishkumar Chauhan said on Tuesday, signalling strong institutional appetite for the mega issue. "Anchor book is pretty large, much more than we thought it would be," Chauhan told reporters here.

The bidding for anchor investors will take place on September 16. According to people familiar with the matter, investment majors, including Goldman Sachs Asset Management, Franklin Templeton and Fidelity International were among the early investors showing interest in the anchor book. Also, Norges Bank Investment Management, Abu Dhabi Investment Authority and GIC are likely to participate in the anchor book bidding, they said.

'YOUTH SHOULD BE WILLING TO PURSUE TRADE SKILLS'

Pvt sector must invest, hire & pay fairly: CEA

Siddharth Upasani
New Delhi, September 15

CALLING ON the private sector to "invest, hire, and compensate fairly", Chief Economic Advisor V Anantha Nageswaran on Tuesday cautioned that the country's youth should be willing to pursue trade skills instead of "conventional sources of education" which may not lead to jobs in the age of artificial intelligence (AI).

Speaking at a meeting of industry body ASSOCHAM, Nageswaran said the present was a "period of churn" and what had served India well since Independence may not be "adequate" for the next 25 years. This warrants individuals and households to "raise our game".

"...youngsters should be willing to be open-minded in pursuing trade skills as opposed to conventional sources of education, which may not find that much of employment traction given what is happening with respect to AI, etc," the government's top economist added.

He further said that given the numerous changes occurring in the world across geopolitics, supply chain, and technology, we all should be willing to embrace change. This, he said, is the "real requirement" for the Indian economy to sustain its growth.

India's economy grew by 7.8% in April-June, faster than what most experts had expected. According to Nageswaran, most actions required from the government to continue the economic momentum are in place. And while reforms to im-

CAUTIONARY NOTE

THIS IS not the first time that CEA Nageswaran has expressed concerns over wage growth in the private sector and its level of investments

IN MAY he had criticised the private sector's reluctance to invest, which he said might be contributing to demand uncertainty

UNEMPLOYMENT AMONG those aged 15-29 years stood at 15.1% in August, triple the overall rate of 5%



prove ease of living and doing business will continue, policy can't be only driver of the economy going forward. As such, the private sector "must invest, must hire, and must compensate fairly" and invest in research and development "because the next 20 years are going to be very different from the last 80 years, post-World War II." Nageswaran's warning comes amid increasing concerns about the replacement of jobs — especially entry-level ones that are taken up by new graduates — by AI models and automation.

As per data released on Tuesday by the statistics ministry, unemployment among those aged 15-29 years stood at 15.1% in August, triple the overall rate of 5%.

Meanwhile, a report by the NITI Aayog last month said that in 2021, as many as 8.7 crore people in the 15-29 age bracket were not in education, employment, or training.

Back in March, Azim Premji University's State of Working India 2026 report had said that less than 7% of male Indian graduates manage to find a permanent salaried job within a year.

The Cockroach Janata Party (CJP) led protests, too, have been cited by economists as a sign of a deeper jobs problem in the country.

This is not the first time Nageswaran has expressed concerns over the private sector not paying well or investing enough.

Back in May, he had criticised the private sector's reluctance to invest, which he said might be contributing to demand uncertainty.

Before that, in the Economic Survey for 2024-25, he had pointed out that even as corporate profitability had soared to a 15-year high in 2023-24, wage growth had lagged. This, the Survey had said, "raises concerns about income inequality".

BRIEFLY

FinMin to hold 2-day conference with states on Viksit Bharat

New Delhi: The Ministry of Finance is organising a two-day conference with state finance ministers and chief ministers on September 18-19 in Delhi focusing on 'Financing India's Journey towards Viksit Bharat'. The conference will see participation of industry leaders and secretaries from other ministries with sessions focused on macroeconomic goals, financing agricultural sector's transformation and energy transition. ENS

Adfactors wins PProvoke Media's 15 Global Agency of the Year award

New Delhi: PProvoke Media has announced the names of 15 agencies that will receive Global Agency of the Year awards at this year's PProvoke Media Global Summit in Chicago. The 15 winners were selected from among 75 agencies that will get Agency of the Year trophies in North America, EMEA, the Asia-Pacific and Latin America. Leading Indian public relations agency Adfactors was also among the winners. ENS

MARKETS

 Sensex 74,003.82 -777.94 -1.04%	 NIFTY 23,118.60 -279.50 -1.19%	 Gold ▼ ₹1,50,902	 US Dollar ▲ ₹95.96
		 Silver ▼ ₹2,28,741	 Oil ▲ \$128.70

NOTE: GOLD, SILVER RATES AS PER INDIA BULLION AND JEWELLERS ASSOCIATION GOLD PER 10G, SILVER PER 1KG; CRUDE OIL (INDIAN BASKET) AS OF SEPTEMBER 14, 2026

THE PRICE INDEX FOR SUGAR SOARED 19% IN AUGUST FROM JULY; THE YEAR-ON-YEAR INFLATION RATE WAS 24%

Sugar rush, chip price surge: RBI rate hike looms as price pressures spread

Siddharth Upasani
New Delhi, September 15

INDIA'S INFLATION — for households, wholesalers, and producers — increased in August. While the main retail inflation rate rose to an eight-month high of 4.82%, wholesale inflation rose to 9.92% and producers' output price inflation to 9.81%.

But it will be the smallest of the three numbers which will worry the Reserve Bank of India.

The central bank's inflation target is spelt out in terms of retail inflation, measured by the Consumer Price Index (CPI). And in August, CPI inflation saw some noteworthy developments which has led economists to predict the Monetary Policy Committee (MPC) will increase the policy repo rate on October 7 by 25

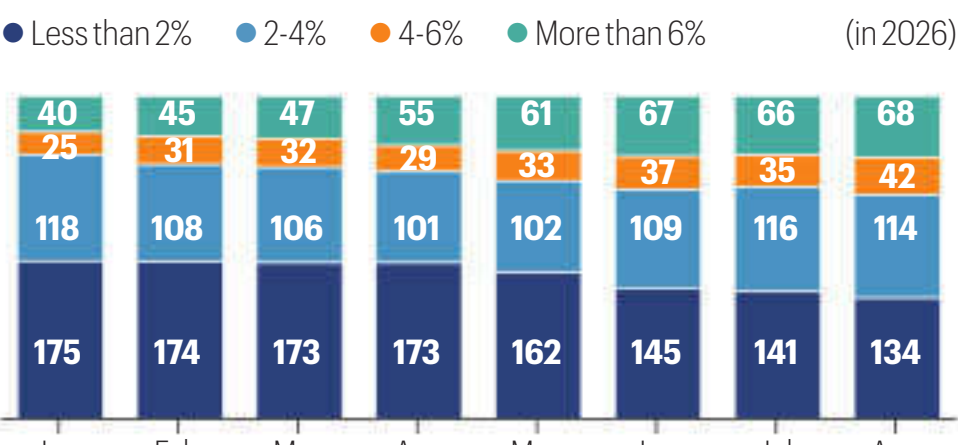
basis points (bps) to 5.5%. This would be the first interest rate hike in three-and-a-half years.

According to economists from ICICI Securities Primary Dealership, the MPC's "insistence" in August on waiting to see price pressures become more general and terming the current inflation rise as a supply shock "does not hold up to scrutiny".

"With broad array of input price pressures already showing up in PPI (Producer Price Index) measures synchronously across the world (including in China an economy known for producer price deflation), pass through to consumer prices is not a question of if but when.

"It is all the more so when underlying demand conditions are running strong like in India," they said in a report on Tuesday.

CPI basket items and their inflation rates



NOTE: RANGES ARE YEAR-ON-YEAR INFLATION RATES FOR EACH ITEM IN CPI BASKET
SOURCE: MOSPI, THE INDIAN EXPRESS CALCULATIONS

August sugar rush

The most noticeable aspect of the August CPI data was the jump in sugar prices.

The price index for sugar soared 19% in August from July; the year-on-year inflation rate was 24%. The price of jaggery was up 8% from July, candy and

misri 3%, sweets prepared with and without milk around 1.5%, cake, pastry, and breads 0.6%, and jams 0.5%. On the whole, the price index of the 'sugar, confectionery and desserts' category of the CPI rose 7.6% from July to August and was up 10.8% from last year. And even though this category only ac-

counts for just 1.4% of the entire CPI basket, it was "one of the largest drivers of food price momentum" and contributed around 15 bps to the headline inflation rate of 4.82%, according to Emkay Global Financial Services. With major festivals just around the corner, sugar is a crucial ingredient at this time of the year. With an eye on this, the government last month allowed duty-free imports of up to 10 lakh tonnes of raw sugar until October 31 after domestic prices spiked due to lower-than-expected production and multi-year-low inventories.

But prices have continued to rise in September. According to the Department of Consumer Affairs, the all-India average retail price of sugar was up 10% in the first half of September at Rs 60.85 per kg.

Chip price surge

Another small portion of the CPI that is now seen contributing to higher inflation is goods that contain memory chips.

The price of Dynamic Random Access Memory, or DRAM chips — used in everyday electronics — are expected to be up over 400% from the start of 2024 to the end of 2026. This is in stark contrast to the previous 70 or so years, when DRAM prices fell 90% every five years. This newspaper has been pointing out for several months that the spiralling price of memory chips used to make consumer electronics — or 'chipflation' — will soon reflect noticeably in the headline retail inflation rate. It has finally happened.

Inflation for the 'information and communication equipment' category rose to

2.95% in August after its price index rose on a sequential basis for the ninth month in a row. Expand this pool to include other key consumer electronics that require memory chips — refrigerators, washing machines, and air conditioners — and the price rise caused by the global AI boom can't be ignored.

Inflation for the broader 'information and communication' category more than tripled to 2.01% in August from 0.63% in July, with the relevant price index jumping 1.4% from one month to the next.

Price pressures spreading

The 'sugar, confectionery and desserts' and 'information and communication' categories together make up only about 5% of the CPI. So why do they matter for policymakers? Because these higher prices

can spread to other parts of the CPI. We have seen stark examples of this 'generalisation' of prices in the recent past: with the West Asia war making commercial cooking gas expensive, restaurants and cafes sharply increased their menu prices. Spreading of price pressures across the CPI can also be seen in the various items the consumption basket contains.

The number of items whose inflation was more than 4% has increased from 65 in January to 110 in August. While 110 may look like a small portion of the CPI basket since it contains 358 items, consider the following: prices of 314 of the 358 items were higher in August compared to July. In February, this number was 236. Clearly, it's not just sugar and consumer electronics that are becoming more expensive.

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If there are questions of current or contemporary relevance that you would like explained, please write to explained@indianexpress.com

• POLICY

Kishau dam pact inked: The long delay in project, stakes for 6 states

Saurabh Parashar & Harikishan Sharma
Shimla, New Delhi, September 15

THE CHIEF ministers of six states on Tuesday signed a memorandum of understanding (MoU) to pave the way for the implementation of the long-pending 422 MW Kishau Multipurpose Project.

Himachal Pradesh Chief Minister Sukhvinder Singh Sukhu signed the MoU for the Rs 15,000-crore project with Uttarakhand CM Pushkar Singh Dhami, Uttar Pradesh CM Yogi Adityanath, Haryana CM Nayab Singh Saini, Rajasthan CM Bhajan Lal Sharma, and Delhi CM Rekha Gupta. Union Home Minister Amit Shah and Union Jal Shakti Minister CR Patil were present. The Union Cabinet will now have to approve the project.

What is the Kishau Multipurpose Project?

The Kishau Multipurpose Project is a proposed dam and hydropower project on the Tons River, a major tributary of the Yamuna, along the border shared by Himachal Pradesh and Uttarakhand. The project envisages a 232.6-metre-high concrete gravity dam that will generate 1,476 million units of clean hydropower.

The project site straddles Himachal Pradesh's Sirmaur district and Uttarakhand's Dehradun district. The two states signed an MoU to form a joint venture in June 2015, and Kishau Corporation Ltd was incorporated in January 2017. The project is intended to generate electricity, create irrigation potential of about 97,076 hectares, and provide drinking and industrial water to the beneficiary states, Haryana, Delhi, Rajasthan and Uttar Pradesh.

Why was the Kishau Dam required?

Kishau Dam was one of three storage projects planned in the upper reaches of the Yamuna and its tributaries following an MoU signed on May 12, 1994 by the Yamuna basin States — undivided Uttar Pradesh, Haryana, Rajasthan, Himachal Pradesh, and the National Capital Territory of Delhi — regarding the allocation of Yamuna water.

The other two projects were Lakhwar and Renukaji, for which the MoUs have already been signed and are under implementation. These projects were required because there are no storage facilities constructed on the Upper Yamuna — from its source, Yamunotri glacier, in the lower Himalayas to the Okhla barrage in Delhi — a catchment area of about 30,000 square kilometres. As per the 1994 MoU, an interim seasonal allocation of the annual utilisable flow of river Yamuna was made among these five states.

Why was the signing of the MoU delayed?

For eight years, Himachal Pradesh held out on signing the MoU for two key reasons — the project cost burden, particularly the power component, and concerns that the state would not enjoy proportionate benefits.

Under an earlier arrangement, the previous BJP-led Himachal government agreed to contribute about Rs 800 crore towards the project cost. The current Congress-led government rejected that arrangement, saying it was not in Himachal's financial interest, and that it would suffer substantial land submergence and displacement.

Indeed, the project will result in substantial submergence in both Himachal Pradesh and Uttarakhand. According to a 2020 feasibility study, around 2,950 hectares of land would be submerged, affecting 17 villages and about 5,500 people, across the two states.

How was a solution reached?

A breakthrough was achieved in June 2026 when the Centre announced that it would bear 90% of the project cost, with the six states sharing the remaining 10%.

A senior Himachal Pradesh officer told *The Indian Express*: "This project will have a storage capacity of 1,786 million cubic metres (MCM) of water but will actually store 1,324 MCM. As per the joint agreements... Haryana will get 633 MCM; Uttar Pradesh will get 411 MCM; Rajasthan will get 124 MCM; Delhi will get 80 MCM; Himachal will get 42 MCM and Uttarakhand will get 34 MCM for drinking and industrial purposes."

• SCIENCE

US's orbital weapons: The limits of global pacts governing space militarisation

Amिताabh Sinha
New Delhi, September 15

THE US on Tuesday said it had active weapons deployed in space, the first such public admission by any country, sparking a fresh debate. The US did not reveal the nature of weapons deployed, or when they were deployed.

"Today we continue to ensure we remain ready to meet the challenges of evolving threats wherever they exist. This is why the US now has on-orbit space control weapons capable of defending the joint force against hostile adversary action," US Air Force Secretary Troy Meink said at a conference in Maryland, according to *CNN*.

There was immediate reaction from China and Russia, two countries that the US considers its space adversaries. "We urge the US side to stop expanding its military capabilities and preparing for war in outer space," Chinese foreign ministry spokesman Guo Jiakun told reporters, according to *AFP*.

That same report also quoted Kremlin spokesman Dmitry Peskov calling for keeping space free of any weapons. "We are counting on broad international consolidation to continue working toward the com-

plete demilitarisation of space," he said.

Interestingly, the US accuses China and Russia of improving their space capabilities with the objective of tracking and targeting US forces. "China and Russia are also testing and fielding sophisticated counter-space capabilities with the intent to disrupt and degrade US space-enabled capabilities," reads a factsheet on space threats, published on the website of the US Space Force, set up in 2019.

Weaponisation of space

Although this is the first time a country has publicly admitted to deploying weapons in space, the capabilities to do so are neither new nor a revelation. The military use of outer space covers a wide variety of capabilities: the ability to launch a missile from Earth to destroy enemy satellites or other space-based assets, the ability to send weapons from space to destroy ground-based targets, or the use of space-based weapons to target space-based assets. It is not clear which of these categories the US's newly-acknowledged weapons fall into.

But the weapons need not be "kinetic" — they need not necessarily be able to cause physical destruction of enemy targets. The ability to disrupt or jam the

• STAR WARS

Use of weapons in space can take different forms. They can be used to either **destroy**, or to **jam**, equipment.

EARTH-TO-SPACE	SPACE-TO-SPACE	SPACE-TO-EARTH
Anti-satellite tests	Co-orbital satellites	Weapons deployed in space
• Involves launching missiles from earth to destroy space-based assets	• One satellite can be programmed to crash into an enemy satellite	• Satellite-based weapons can deorbit, enter atmosphere, and strike Earth-based targets
• Four countries demonstrated this	• Soviet Union reported to have tested this during the Cold War	• Not demonstrated
• Earth-based systems can jam or 'blind' signals of enemy satellites	• Using space-based assets to jam or block the signals or comms of enemy satellites	• Use of space-based systems to interfere or disrupt functioning of radars, missiles or aircraft
• Many have this capability	• No known capability	• Not known

enemy's communications between its space and Earth-based systems, or attack their cyber-networks, can also be extremely effective in a conflict situation.

Several countries have developed some, or all, of these capabilities, though not every such capability has been tested and demonstrated.

The most open demonstrations of such capabilities have been the anti-satellite tests, in which countries send a missile to destroy a satellite in space. Four countries — the US, Russia, China and India — have demonstrated this. Though the countries

targeted their own non-functional satellites during the tests, this ability to completely destroy any space-based asset happens to be the most dramatic use of weapons in space to date.

There have been examples of non-kinetic methods as well. Just before the Russian attack on Ukraine in February 2022, Russian hackers gained control over ground stations of the Viasat satellite that was being used to provide internet services to Ukrainian subscribers, including their military agencies. There are also reports of attempts by Russia to block GPS signals in Ukraine.

Legal ambiguity

All countries emphasise on peaceful uses of space and call upon each other not to militarise space. But there is no international law that explicitly prohibits the deployment or use of such weapons or tactics in space. The Outer Space Treaty of 1967, an old but still the most relevant international law on this subject, bars countries from carrying or placing nuclear weapons or "other kinds of weapons of mass destruction" in space, but it is silent on conventional weapons, or those that target physical infrastructure in space. It does not say

anything about earth-to-space weapons, the development of which was still some distance away in the 1960s.

Attempts to create an international legal framework to regulate the deployment and use of weapons in space were made, but support from all the major space powers was lacking. Around 2008, China and Russia had together proposed the idea of a "Prevention of the Placement of Weapons in Outer Space" treaty banning the deployment of all weapons — not just nuclear and other weapons of mass destruction — in space, but this too left out earth-to-space weapons. This idea never came to fruition.

An ongoing discussion on "Prevention of an Arms Race in Outer Space" at the UN Conference on Disarmament has also not led to any international law or treaty.

Meanwhile, the Artemis Accords, an initiative of NASA and the US State Department, is a voluntary code of conduct on exploration of space. It has over 70 signatory countries, including India. All cooperative activities are meant to be for peaceful purposes, but there is nothing that prevents signatories from deploying or using weapons in space.

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• ECONOMY

Why rising US govt bond yields are worry for world



UDIT MISRA

OVER THE PAST few months, there has been a growing worry about the rise in government bond yields worldwide. On Tuesday, the 10-year US bond yield hit a two-decade high.

A government bond is a document in which it acknowledges that it is taking a loan from someone and details how much it will pay back and by when. The government borrows money to meet the gap between its spending (defence, subsidies and more) and earnings (levying taxes).

The "yield" on a government bond is the interest that the government pays. Rising yield means that the government will have to shell out more money as interest payment; it is similar to your car or home loan EMI increasing when the bank tells you that interest rates have risen. In both cases, the borrower (the government or you) has to keep aside more money next month to pay back.

Another direct fallout is that the borrower will have less money left for other activities, be it the government spending on welfare or infrastructure, or you having money to shop or travel. Beyond a point, however, rising payments on the same loan amount reach a tipping point that makes it nearly impossible for the government or an individual to manage their respective budgets.

What is the problem with high yields?

The apprehension today is that the world is nearing that tipping point.

There is an additional sting when interest rates go up for the government, in that they go up for everyone (including you) in the economy. Why? Because lending to the government is the safest kind of lending there is. As far as the ability to pay back a loan is concerned, a government has the superpower to print its own money, unlike every other borrower.

If the interest rates on the safest loan are rising, lenders start demanding higher rates from all others as well. This not only means higher EMI for existing car or home loans but also for newer loans of all manner. A entrepreneur wanting to start an innovative business will find that either the funding has dried up or become too costly. Thus, beyond a certain point, a rise in government bond yields can drag down the whole economy.

Here's a further kicker. If the government in question is the United States government, then the ramifications of higher yields on US government bonds are not limited to just its US economy; they start affecting other economies and people in a land far, far away from Washington DC.

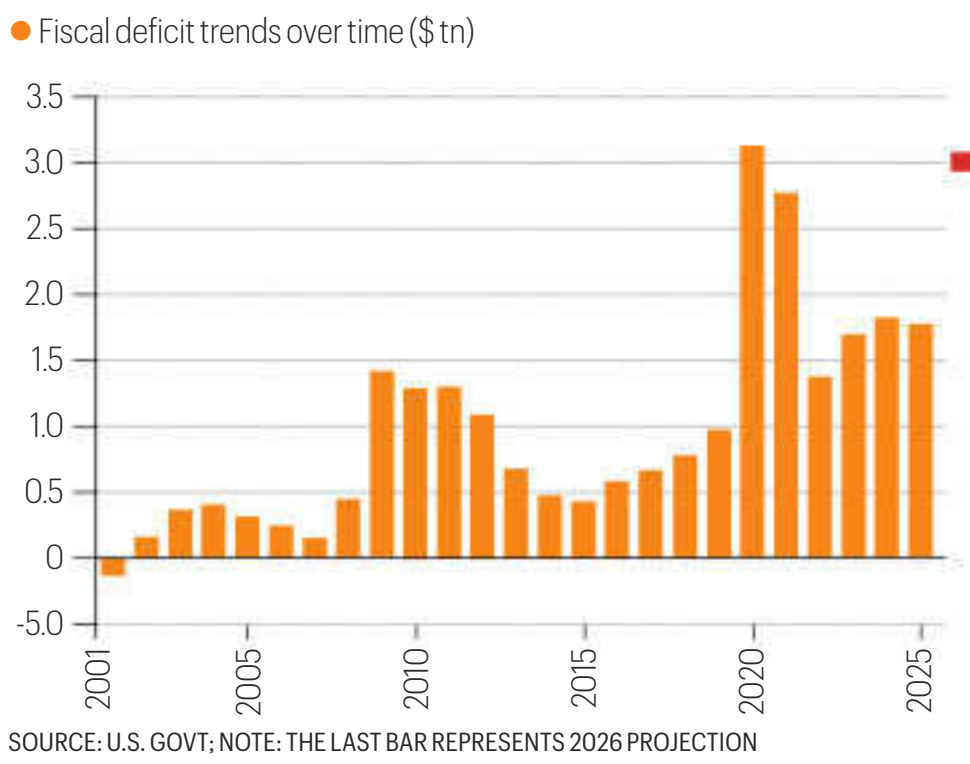
That's because while a government is the safest entity to lend to in any economy, at a global level, there is a gradation for governments. Not all governments are equally credit-worthy and they can default on their loans. Imagine lending money to the Pakistan government for a 10-year period in 1965.

The US government is the safest borrower in the world. It has been considered so safe that parking your savings in US government bonds — that is, lending to the US government — has often been considered as safe as investing in gold.

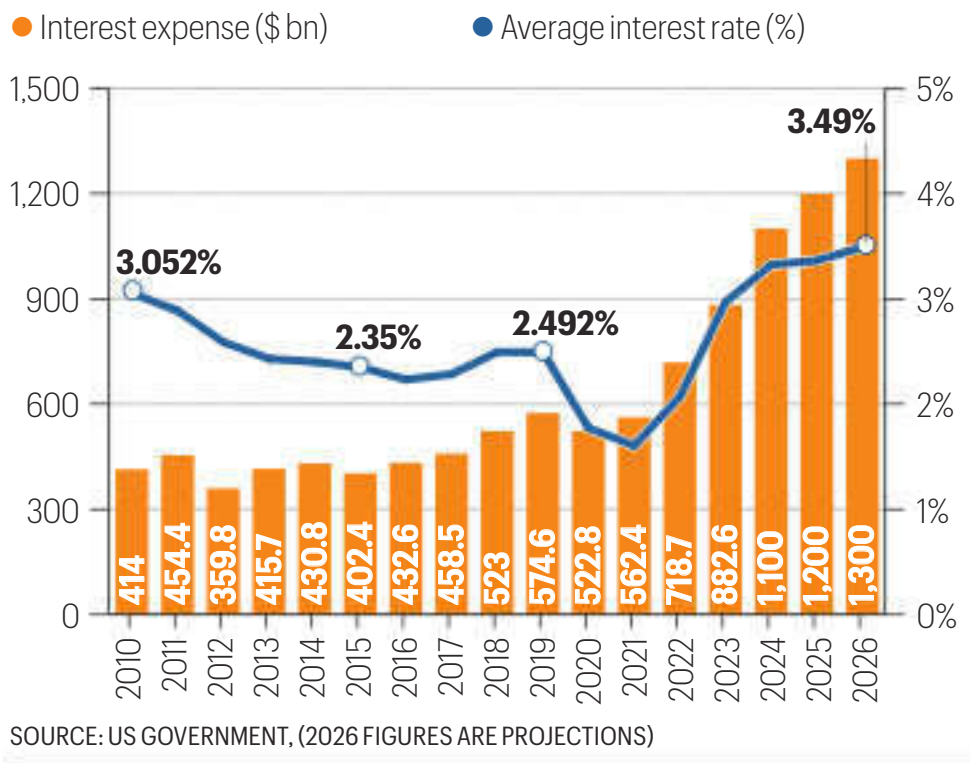
So when the yields go up for US government bonds, lenders typically ask for higher interest rates from everyone and every government on the planet because the whole spectrum is riskier.

And that is what is happening at present. Data shows that US bond yields are rising to the highest level since the global financial crisis of 2007-08. In fact, bond yields

• 1: US's annual deficits are growing... It is increasingly dependent on borrowings to meet expenses



• 4: ... and increasing interest expense US interest payments on debt have ballooned to \$1.3 tn



are rising similarly across most big economies, be it Japan, the UK or Germany.

The evidence feeds into the apprehension that the global bond markets (basically a collective term referring to all the investors who lend money to governments) are in the mood to punish governments by asking for a higher interest rate.

In fact, the rise in bond yields was so sharp that, when asked about it on August 21, US President Donald Trump threatened military action against the bond markets. "The ultimate intervention is our military. And if we have to use that, we will," he said.

But given the way the bond markets work, Trump's statement eroded the US government's credibility and willingness to play by the rules, and consequently, yields went up even further.

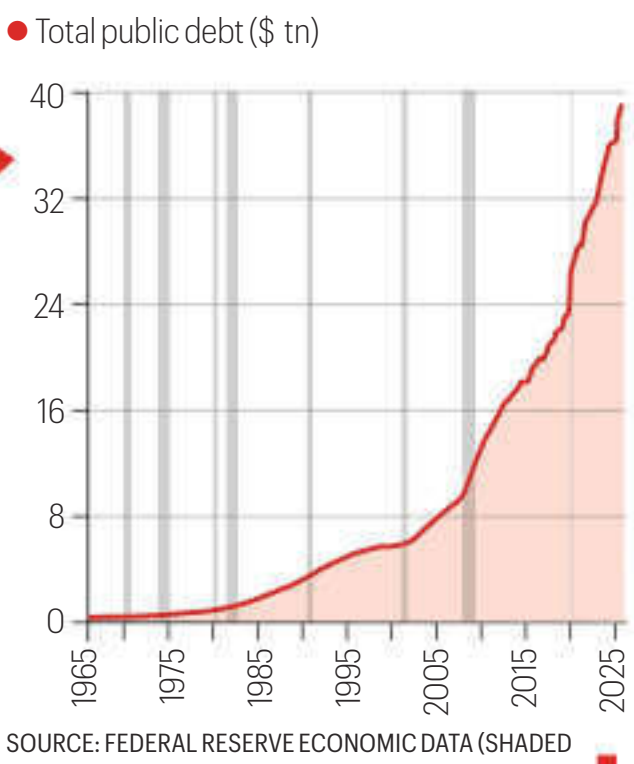
How do bond markets work?

A bond is essentially a formal I-O-U (or I owe you) between the government issuing the bond and the entity lending the money. The government states the money it is borrowing — say \$100 — the period for which it is borrowing — say 10 years — and the additional money that the government will pay to the lender each year over and above the \$100 at the end of the tenure.

This additional money is called the coupon and, crucially, it is an absolute amount — say \$10. In other words, instead of saying that the government will pay 10% interest each year, the government says it will pay \$10. This distinction matters because government bonds are tradable in the open market. A person can lend the money to the government, get the bond in return, and then sell the bond in the open market — the proverbial bond market.

It is when the bonds start trading that bond yields come into the picture. If the

• 2: ...pushing overall debt... US debt has crossed a record \$40 tn



• 3: ...driving up yields... Bond yields have been rising since 2020



Tipping point danger

The 'yield' on a government bond is the interest that the government pays for borrowing.

Rising yield means the government will have to shell out more money as interest payment; it is similar to your car or home loan EMI increasing.

In both cases, the borrower (the government or you) has to keep aside more money to pay back. Beyond a point, rising payments can reach a tipping point.

to honour the promise.

Given the scale of the market, even single basis point increase in government bond yields — 100 basis points make a full percentage point — raises the interest payment (recall EMIs) by billions of dollars for governments.

That is why governments are worried about yields rising sharply.

The chart shows how the US government's average borrowing cost have gone up as the yields have risen in the recent past. This has meant that the US government has had to make higher interest payments each year. This year it is expected to spend \$1.3 trillion from its budget just to pay interest on existing loans.

Why are government yields going up?

Sticking to the US, there are two main problems.

First is the sheer amount of debt in the market. The US continues to borrow more and more each year. This annual budget deficit keeps adding to the stock of total US government debt, which has now crossed \$40 trillion.

The second problem is the falling credibility of the US government. Typically, a higher amount of debt can be countered if it is used to grow faster. That way, the debt-to-GDP ratio does not go up.

But be it the *ad hoc* imposition of punitive tariffs last year or launching the war in Iran in February, the Trump administration's actions are raising inflation and hurting growth while continuing to borrow more.

Adding nervousness to this scenario is the lack of commitment — at least as the bond market participants saw it — on the part of Kevin Warsh, the new Fed Chair, to contain inflation by raising interest rates.

To be sure, if central banks don't raise interest rates to contain inflation in the short term, bond investors get understandably spooked about the state of the economy over longer terms, between five and 30 years.

What has made matters worse in the past few months is that the Trump administration and his latest appointment to the US Federal Reserve, Kevin Warsh, have made statements and taken decisions that have betrayed a sense of desperation and denial of the problem.

For instance, Treasury Secretary Scott Bessent has tried to manipulate the bond markets to reduce yields by announcing a buyback of US bonds. The way this is intended to work is that the US government buys back its own bonds of longer tenure (and hence higher yields) and brings them money to do this by selling bonds of shorter tenure (and hence lower yields). Bessent expected a net result where overall borrowing costs come down. But bond markets saw through the desperation and yields shot up further.

What is the solution to calming the bond markets?

- 1. FISCAL CONSOLIDATION**
The US and, for that matter, most of the so-called rich countries, are sinking in debt. The first and foremost thing to do is reduce borrowings.
- 2. FOCUS ON GROWTH**
Debt matters, but a country can get out of a debt trap if it grows fast enough to bring down the debt-to-GDP ratio.
- 3. RE-ESTABLISH POLICY CREDIBILITY**
On Wednesday, the US Fed will have a chance to raise interest rates in the face of continually rising inflation in the US. Even more importantly, Warsh would have to convince bond markets that he is committed to the US's 2% inflation target.

On the fiscal policy side, Trump and Bessent have to ensure that they sound and look like they want to improve the situation be it on growth or inflation.

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Russia calculus

Delhi's diplomacy with Moscow affirms strategic autonomy

The just-concluded BRICS summit was not just about the Russia-China-led pushback against unilateral tariffs and sanctions by the US and the demand for expansion of multilateral institutions. A key highlight was the India-Russia engagement as a parallel development.



In the run-up to the summit, Russia's flagship industrial trade fair, INNOPROM India, was held in Delhi where trade ministers from both countries held extensive dialogue. This was followed by President Vladimir Putin's unusually strong emphasis on trade, investment, payments, technology and connectivity in a bilateral meeting with Prime Minister Narendra Modi. This marks a shift from a decade ago, when the political and military relationship between the two countries outweighed the economic one. Trade has since risen to nearly \$70 billion, with both sides targeting \$100 billion by 2030. Russia's 2022 invasion of Ukraine triggered Western sanctions that forced Moscow to redirect its energy exports. Indian refiners seized the opportunity to buy discounted crude. The upheaval in the Middle East has reinforced Russia's role as an oil supplier.

India need not be apologetic about buying Russian oil so long as the trade stays economically viable. Simultaneously, it should push for greater Russian purchases of pharmaceuticals and engineering goods as the trade deficit has ballooned (a \$50 billion trade deficit against India). India should also pitch for Russian investment. It is significant that the \$100 billion trade target comes with a \$50 billion two-way investment ambition. The proposed Su-57 fighter offer, with local production and technology transfer, signals deeper industrial ties rather than simple defence purchases. This links up with Russia's emphasis on BRICS payment systems. Putin's pitch for BRICS to become more practical on payments, investment, and technology is aimed at creating economic room outside US systems. India need not share Moscow's idea of BRICS as a counterweight to the West to recognise the utility of such a platform.

Its strategic autonomy remains relevant. Washington may like to see international relations through a binary lens, but India does not have to be either with the US or against it. India can work on deepening ties with the US, while continuing to buy Russian oil, maintaining defence cooperation with Moscow or working with Russia within BRICS and the SCO. After all, the US maintains vast commercial ties with China even as it names Beijing a strategic rival. However, this assertion of geopolitical pragmatism has not gone down well in the US. Barely 48 hours after the BRICS summit, the Lindsey Graham Bill was again in focus in Washington, with the proposed legislation carrying the possibility of tariffs of up to 100 per cent on countries buying Russian energy. Washington's discomfort cannot override India's interests. Yet, 'multi-aligned' India is unlikely to run with an anti-Western bloc — even as it cannot easily accept its choices being constrained by Washington.

POCKET



RAVIKANTH



VISHNU SUMANTH

We live amidst a gamification of the world. From electoral outcomes to sporting victories and celebrity breakups, every "Yes" and "No" is now an 'event outcome' capable of monetisation on online 'prediction markets' like Kalshi and Polymarket. Public discourse has, thus far, quite rightly viewed such platforms as glorified online casinos. However, recent commentary by market insiders argues that such markets serve a greater economic role as 'information aggregators' and 'universal insurance'. Such arguments push for laissez faire regulation of prediction markets, and advocate their expansion and further institutionalisation. As these opinions gain traction, a comprehensive and categorical rebuttal is necessary in the interests of informed public discourse.

Proponents of prediction markets argue as follows. Prediction markets, like regular forecasting/punditry, allow people to express their informed opinions on current events. People don't just make predictions, but are compelled to 'put their money where their mouth is', ensuring more informed and careful predictions. By financialising public opinion, these markets aggregate information more efficiently than regular forecasting models ever could. This creates a 'truth machine' that gives us a window into the future, they say.

Further, proponents also argue that these binary Yes/No bets (called 'event contracts') offer a revolutionary new way to hedge against real-world risk. If you can bet against an election result that might impact your life negatively, you are 'insuring' yourself against the consequences, they say.

INSURABLE INTEREST

This comparison with insurance is where the case for laissez faire prediction markets begins to fall apart. Legally speaking, the difference between an insurance contract and a speculative wager is the existence of insurable interest in the underlying event. Simply put, a contract that pays me if my house burns down is an insurance contract because I have a vested interest in ensuring my house doesn't burn down. Absent this vested interest, a contract that, let's say, pays me if a stranger's house burns down, is a purely speculative wager, better known as... a gamble. The doctrine of insurable interest has an expansive and sophisticated ambit, encompassing a wide range of personal and commercial risks. Therefore, where genuine risks exist, regulated insurance markets are usually fully equipped to help mitigate them. Prediction markets do away with



GETTY IMAGES

Prediction markets must be reined in

NO BETS. They shouldn't get a strong legal foothold as that will bring about an unprecedented drain on productive capital

this crucial doctrine entirely, allowing people to monetise outcomes they aren't directly impacted by. Legally speaking, this is gambling, plain and simple. It is a fundamental economic principle (Posner, *et al.*) that mandating insurable interest in contingent contracts ensures that such contracts only hedge against existing risk, and don't create new risk. The reason is fairly intuitive.

POSITIVE-SUM ECONOMICS

Most tradeable investment contracts (shares, bonds, etc.) are what economists call positive-sum transactions. For instance, when an investor buys a company's bonds, the money so raised is used by the company to do business, make a profit, and return some part thereof to the investor as interest. This is a 'win-win' situation that creates wealth and facilitates economic growth. Event contracts on the other hand, are zero-sum games, i.e., what one party wins, the other necessarily loses. There is no economic activity underlying these bets, which create no wealth and facilitate no growth. In light of this vital difference, the strongest case against legalising/institutionalising prediction markets is not a moral diatribe against gambling, but basic economics.

WHAT ABOUT DERIVATIVES?

In a bid to overcome this objection, proponents point to derivative markets (futures, options, swaps, etc.). They argue that speculators are routinely allowed to trade zero-sum oil futures or forex swaps without trading the underlying oil or foreign exchange, so why this double standard? This is a tempting, yet fallacious argument.

Derivative markets for securities/commodities exist precisely

because transactions in the underlying securities/commodities are positive-sum. Speculation on derivative markets is grudgingly tolerated as a necessary evil so that genuine businesspeople can find counterparties to their hedges easily and at a variety of price points. Prediction markets on the other hand, support no positive-sum economic activity whatsoever, and the question of tolerating speculation as a necessary evil simply does not arise.

TRUTH MACHINES?

This is a small price to pay for the 'truth machine', proponents persist. Telling the future surely cannot be of zero economic value! But far from telling the future, prediction markets create deeply perverse incentives that reward active sabotage in the real world. When the payout for an event occurring exceeds the cost of making that event occur, each bet mobilizes an army of bounty hunters looking to 'fix' outcomes. The dangers of such manipulation in the real world are grave, extend well beyond the economy, and are already starting to be seen.

The tradability of event contracts on exchanges also raises concerns of insider trading, where people with non-public information about events unfairly use such information to profit at the market's expense. A market compromised by widespread manipulation and insider trading cannot

Institutionalisation of prediction markets will turn the real world into a gamified nightmare, with every bet subject to widespread sabotage and bounty hunting

yield a reliable truth signal.

Proponents brush these concerns aside, arguing that prediction markets will be tightly regulated just like existing securities markets. This naively ignores the impossibly large scale of the regulatory state required to make such markets fair and transparent. A regulator would have to monitor every world event, every stakeholder involved in said event, prevent sabotage, and ensure that 'insiders' (once somehow identified) are not trading on non-public information. This is practically impossible, and moreover, for a zero-sum activity, a colossal waste of state capacity. Investigating and punishing manipulation and insider trading in securities markets is already a highly complicated and technical endeavour, requiring significant public investment. Modern regulations mandate continuous insider disclosures, information-flow tracking, and algorithmic trade monitoring. Regulation along these lines for prediction markets is inconceivable at scale, and would render privacy rights meaningless.

The widespread growth and institutionalisation of prediction markets will bring about an unprecedented drain on productive capital. It will turn the real world into a gamified nightmare, with every bet subject to widespread sabotage and bounty hunting. In a world where fair and effective regulation is impossible, we must ensure these markets do not gain a strong legal foothold in any growth-oriented economy, regardless of nationality, jurisdiction or regulatory environment. Growth is built, not wagered.

The writer is a corporate and tax lawyer based in Chennai

GST on staffing needs to be reduced

Taxing formal employment at a premium will nudge workers back towards informal and gig arrangements

Suchita Dutta

India has quietly built one of the world's three largest formal flexi-staffing industries. A single tax setting is now holding it back from becoming something far larger. The 56th GST Council, meeting on September 3, 2025, delivered the most sweeping tax reform since 2017. GST 2.0 collapsed the old multi-slab regime into two principal rates, 5 per cent and 18 per cent, and moved more than 200 items down, with 99 per cent of goods in the erstwhile 12 per cent slab shifting to 5 per cent from September 22.

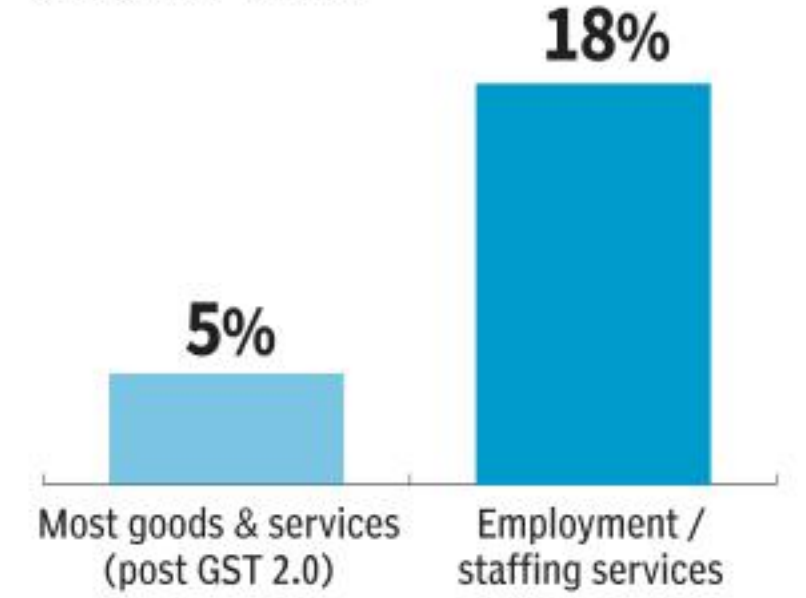
The intent: tax essentials lightly, expand consumption, and widen the formal economy. Employment services were left untouched at 18 per cent.

CHARGED ON ENTIRE INVOICE

That is the anomaly. For every ₹100 a company now spends on goods taxed at 5 per cent, it pays just ₹5 in tax. Spend the same ₹100 on formal staffing and the levy is ₹18, a 3.6-times gap on labour, the one input no business can do without. Because GST on staffing is charged on the entire invoice, most of which is the worker's own wage passed through, the burden lands hardest on the sectors we most want to formalise: MSMEs, consumer-facing industries, and GST-exempt services such as healthcare

The employment-services anomaly under GST 2.0

Staffing is taxed 3.6x higher than most goods after GST 2.0



Source: 56th GST Council / GST 2.0 (eff. Sep 22, 2025); Indian Staffing Federation

and education that cannot claim input tax credit. The consequences are measurable. Indian Staffing Federation estimates the 18 per cent rate drains ₹20,000-30,000 crore from business liquidity every year and is on course to reduce formal temporary hiring by 10-15 per cent in affected sectors this fiscal, nudging workers back towards informal and gig arrangements that carry no provident fund, no insurance, and no wage protection. Taxing formal employment at a premium, while goods enjoy relief, is a policy working against itself.

Consider what this industry already delivers. Our member companies alone employed 1.83 million formal flexi workers by FY25, and the organised flexi sector now supports roughly 7.2 million people, about 1.3 per cent of India's workforce, among the world's top three flexi-staffing markets. In the last financial year, the sector paid an estimated ₹1.47 lakh crore in wages and ₹52,800 crore towards social security and GST.

CONTRACT EMPLOYMENT

Logistics, BFSI and manufacturing together account for around 38 per cent of formal contract employment, with twelve core sectors making up 80 per cent of demand.

Nearly a quarter of these workers are women, and most are young, first-time entrants receiving their very first formal job, complete with EPF, ESI and a bank-credited salary. This is formalisation delivered by the market: jobs, not doles.

The headroom is the real story. India's flexi penetration, at 1.3 per cent, still trails the US (1.8 per cent) and Europe (1.6 per cent), and it sits against an informal economy that accounts where some 400 million people outside the formal social-security net. Converting even a modest slice of that into organised, contributory employment is, on any reasonable arithmetic, a

20-million-job opportunity. ISF projects the market to compound at over 17 per cent a year towards ₹2.58 lakh crore by FY27, and independent analysis expects the sector to create several million additional livelihoods by 2030. The demand is plainly there; the binding constraint is fiscal, not structural.

Correcting it is not a concession; it is sound revenue policy. Moving employment services to the 5 per cent merit slab would, by our estimate, release up to ₹50,000 crore in cash flows for reinvestment and fresh hiring.

A lower rate applied to a rapidly formalising base does not shrink the tax net; it widens it, through more compliant payroll, more EPF and ESI contributions, and more GST-registered employment.

This is precisely the logic the government itself applied to goods under GST 2.0. Employment deserves the same treatment.

Employment is the most essential input in any economy. Tax it accordingly. Move employment services to 5 per cent, and India can convert a two-million success story into a 20-million one: formalising work, extending social security to millions, and doing it the durable way, through jobs.

The writer is Executive Director, Indian Staffing Federation (ISF)

LETTERS TO EDITOR

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

BRICS' balancing act

This refers to the editorial 'BRICS and gaps' (September 14). Geopolitical tensions have forced India to exercise considerable caution in balancing its relationship with Russia and Ukraine on one hand and Israel and Iran on the other. The US has, in many ways, been an instrumental force in shaping this increasingly complex multipolar disorder. China, rich in critical minerals and a major supplier of active pharmaceutical ingredients, maintains substantial trade surpluses with several BRICS countries. However, it should not

seek merely to further augment the surpluses and emerge as the bloc's big brother. Fair, equitable and non-discriminatory trade practices will be crucial in ensuring that BRICS develops into a stronger, more cohesive bloc in a world mostly dominated by Western alliances.

S Lakshminarayanan

Ko Puvanur & Post, TN

Effective AI regulation

Warnings from leaders of the world's leading AI companies that the technology could become powerful enough to pose a serious risk to

humanity within six months to a year may sound like dystopian fiction, but they cannot be dismissed lightly. The danger of allowing companies racing to develop a deeply transformative technology to set their own limits is too serious to ignore. What is needed is effective regulation that establishes clear safety standards without stifling innovation. More importantly, the international community must create a global framework to prevent the dangerous use of super-intelligent AI in cyberwarfare, bioterrorism and large-scale economic disruption. AI

is already being integrated into critical sectors such as banking, transport, healthcare and defence. The world cannot afford to wait for a catastrophe before acting. Responsible innovation must, therefore, go hand in hand with global oversight, transparency and enforceable safety norms.

M Jeyaram

Sholavandan, TN

Give peace a chance

This refers to 'Half of Russia's top diesel refineries cut or halt output after drone attacks' (September 15).

It sounds unbelievable that the extensive damage being caused by the Ukraine drones has sharply reduced Russian diesel production, adding pressure to fuel supplies and exports, mainly to Brazil and Turkey. It is no wonder that Russia, which had reportedly claimed to eliminate Ukraine within a week's time (nearly four years ago), is seeing no end in sight to the ongoing war. However, in all fairness, both nations should shed their tactics and give peace a chance to make suitable amends.

SK Gupta

New Delhi

Trump’s dividend card

A \$5,000 cheque promise, a last ditch attempt

Sridhar Krishnaswami

It is not as if US President Donald Trump took a leaf out of George McGovern’s idea in 1972 that if he won the election that year against Richard Nixon he would give Americans \$1000 every year.

But now with about seven weeks to go for the mid-terms, Trump is promising every American adult citizen a dividend cheque of \$5,000 if Republicans keep control of the House of Representatives and Senate on November 3.

Some see in this latest offer as a last ditch effort to keep control of Congress. Getting away from the conventional wisdom that the President’s party falls short in the mid-terms, the general thinking — even within the Grand Old Party — is that the numbers would fall short in the House and perhaps even in the Senate. And the White House knows well that should Republicans lose one of the two Chambers this Fall, the US President’s legislative agenda is toast.

Even if Republicans manage to hold on to majorities in Congress, getting funds passed for the latest proposal would be a major problem given that the national debt is already at a whopping \$40 trillion.

Americans are not new to dividend cheques, and the latest offer is the third in the series. First was a \$5,000 promise in 2025 from all the savings that was going to come from the initiatives of the Department of Governmental Efficiency (DOGE) spearheaded by Elon Musk and Co.

That expected \$2 trillions in savings never materialised and few took the numbers put out seriously. And there was this \$2,000 dividend cheque floated around, also in the same year, from all the money that was coming America’s way by tariffs.

The US Supreme Court played spoil sport, and now the mad scramble to issue refund cheques to states and companies.

BIG PAYOUT

It is said that there are about 245 million citizens who would make up \$1.2 trillion in payout for Trump’s idea; and it is not clear if the dividend would cover an estimated five million Americans living overseas.

US Vice-President JD Vance has further qualified telling a media outlet that the money is for the “American middle class” and for “American workers”; and that



DONALD TRUMP. Mid-term pressures REUTERS

the amount would be drawn from tariffs collected. All that the White House would say: “President Trump has consistently proven his doubters wrong, drawing a clear contrast with the Democrats’ record of historic inflation, unfettered illegal immigration, skyrocketing crime, and weakness on the world stage.”

LEGAL FACTOR

And there is the legal problem with some taking exception to Trump’s latest proposal on the grounds that it could violate election laws.

Here again a distinction has been made as candidates are allowed to make campaign promises and that cannot be considered illegal vote buying as every adult citizen would be entitled to the money regardless of their individual vote or registration status.

In other words, Trump will have legal protection including a prior Supreme Court ruling to go through with his latest idea. The question is, will voters oblige?

The worry of the White House and of the Republicans seeking re-election in the House and Senate is well founded.

Trump’s approval rating remains stagnant at 33 per cent, his lowest ever and lower than Joe Biden’s rating at this time in 2024. The Iran war is nowhere near a closure with intensified attacks in and around the Strait of Hormuz further driving up oil prices.

The only ray of hope for the Grand Old Party is that even if Democrats manage to get the House of Representatives, they will be too far apart internally to put up a united show.

A third Impeachment of Trump is certainly on the cards but chances of getting a conviction in the Senate is between fat, slim and none.

The writer is a senior journalist who has reported from Washington DC on North America and United Nations

Decoding BRICS’ energy intent

It provides a vital diplomatic cover for India to keep its oil import options open without having to take sides

CAPITAL IDEAS.



RICHA MISHRA

We acknowledge fossil fuels will still play an important role in the world’s energy mix, particularly for emerging markets and developing economies, and we recognize the need to promote just, orderly, equitable and inclusive energy transitions and reduce GHG emissions in line with our climate goals and observing SDG7, and the principles of technological neutrality and common but differentiated responsibilities and respective capabilities taking into account national circumstances, needs and priorities,” reads BRICS New Delhi Declaration of September 12, 2026.

By validating the ongoing importance of fossil fuels, the declaration provides the energy sector with a critical defence: it rejects an aggressive phase-out in favour of a realistic, managed transition, which, some say, is good for India, Russia and Saudi Arabia.

But this should not be seen as a free pass to energy-import reliant nations like India. What BRICS membership actually does is provide vital diplomatic leverage: it keeps India and Iran at the negotiating table, safeguarding India’s access to the strategic Chabahar Port.

KEY POINTS

Energy security: Ensuring energy market stability and maintaining uninterrupted flows of energy from diverse sources, strengthening value chains. This is a priority after West Asia conflict.

Digital and Smart Grids: BRICS pushed AI, data analytics for grid management.

Diversified mix: Declaration lists all sources as important — renewable energy, bioenergy, fossil fuels, nuclear energy, hydropower, hydrogen, low carbon technologies, energy storage.

Critical Minerals Focus on reliable supply chains for lithium, cobalt, copper,



ENERGY SOVEREIGNTY. India must be diplomatically nimble in sourcing oil. ISTOCKPHOTO

but with sovereign rights of resource countries.

Local currencies: Finally, Energy Ministers called for use of local currencies in energy trade.

The declaration provides for Smart Grids & Storage Centre in India; Push for Global Biofuels Alliance; reliable and stable supply chains for minerals. India needs lithium for EVs, solar, semiconductors.

In the wake of ongoing West Asia conflicts and Red Sea disruptions, India wants to insulate its economy by sourcing crude oil from Russia, the Gulf, or the US without the threat of unilateral sanctions. The BRICS Energy Ministers’ parallel push for local currency trade offers a vital financial shield.

Settling transactions in rupees, rubles, or dirhams reduces US dollar dependency, minimises exposure to secondary sanctions, and structurally protects India’s foreign exchange reserves. RBI already has rupee

Settling transactions in rupees, rubles, or dirhams reduces US dollar dependency, minimises exposure to secondary sanctions

settlement mechanism for Russian oil.

With the West Asia conflict disrupting the Strait of Hormuz, the declaration’s emphasis on “diverse sources” provides India with the diplomatic leverage to source oil from Russia, the US, the UAE, and Iraq. Whether this strategic framing explains why New Delhi persistently purchased discounted Russian crude despite heavy Western pressure remains a question only the Ministry of External Affairs can answer.

Protection of critical energy infrastructure, including cross-border infrastructure is a boost for India as this means undersea cables, LNG terminals, proposed India-Middle East-Europe pipeline, and power grid connections with Nepal, Bhutan, Bangladesh could be in offing.

The declaration can even be seen as an endorsement of India’s approach: keep coal and gas for baseload, add solar and wind rapidly, secure oil from cheapest source, and build storage.

THE CHALLENGES

However, there are challenges. BRICS is opposed to EU’s carbon tax, but EU’s CBAM has kicked in from January 1, 2026. Indian steel and aluminium will still pay at EU border from this year. India will need to take this up at WTO and build its own carbon credit system fast. Clearly, just a joint statement won’t

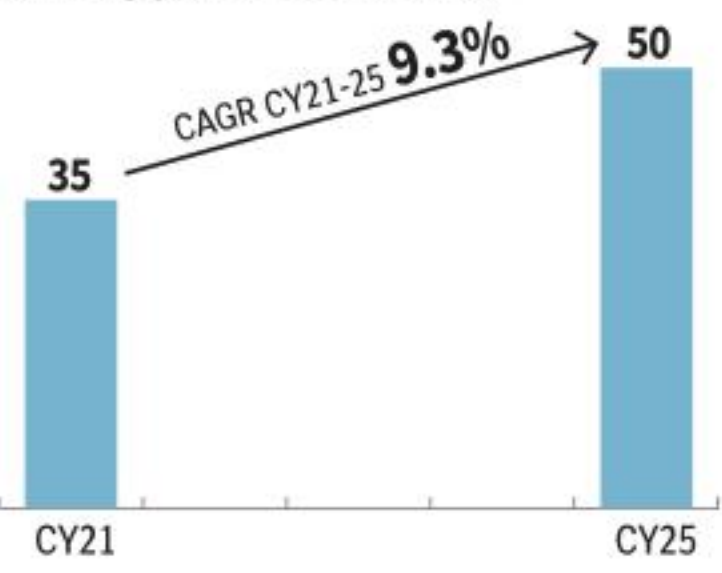
STATISTALK.

Compiled by Nishanth Gopalakrishnan | Graphic KS Gunasekar

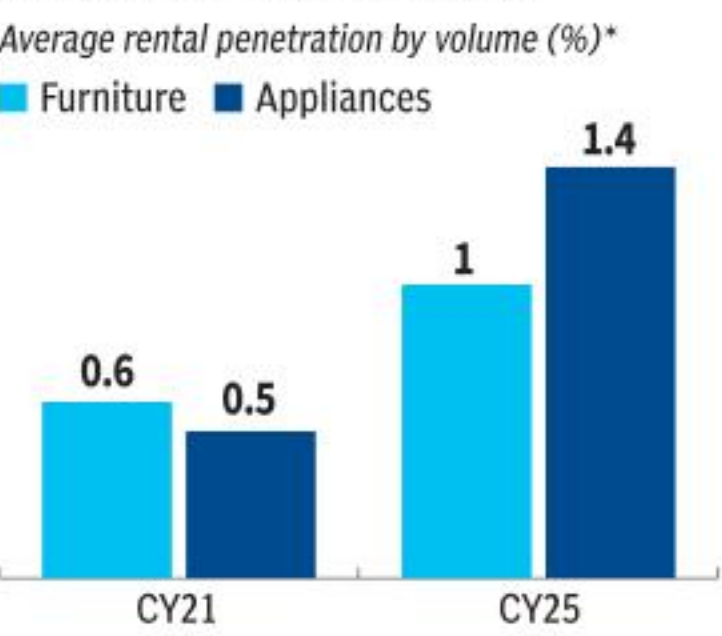
India goes asset light on home furnishing

Rentomojo’s recent IPO prospectus throws light on an ongoing trend in India’s household furniture and appliances market. There is a shift in consumer preference from the traditional ownership model to a more flexible rental model. Consistently high property inflation, wage growth trailing property price growth and a more mobile workforce have made the case for consumers to adopt the rental model. The rental market is nascent, though. Its low base, rising adoption and the headroom for growth are captured in the following charts.

Market size of home furniture and appliances (\$ billion)



Appliance rentals find more takers than for furniture



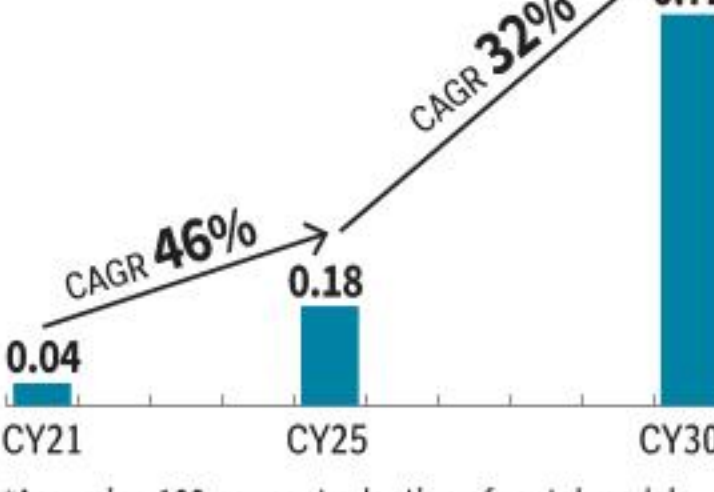
Source: Rentomojo RHP

Rental market's quicker growth signifies growing adoption of rental model

Furniture and appliance TAM (\$ billion)*



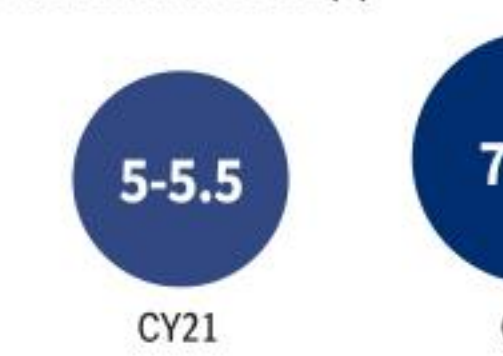
Rental market size (\$ billion)*



*Assuming 100 per cent adoption of rental models across all relevant households, calculated as the product of (i) the number of addressable households, (ii) average rental spend per household, and (iii) average rental tenure
#Current annual revenue generated by active rentals

Key factors driving the rental model

Property price to annual household income (x)



CAGR CY21-25 (%)*



Average tenancy - urban India (years)



*EPFO data

thehindubusinessline.

TWENTY YEARS AGO TODAY.

September 16, 2006

NELP-VI attracts 165 bids from global, domestic majors

Aggressive promotion, a transparent policy and success in the Krishna Godavari Basin and Rajasthan have played a vital role in attracting 165 bids for the sixth round of the New Exploration Licensing Policy (NELP), which offers 55 exploration & production blocks. British Petroleum, British Gas, ENI, Petronas and TOTAL, apart from domestic players, were among the bidders for oil and gas exploration rights.

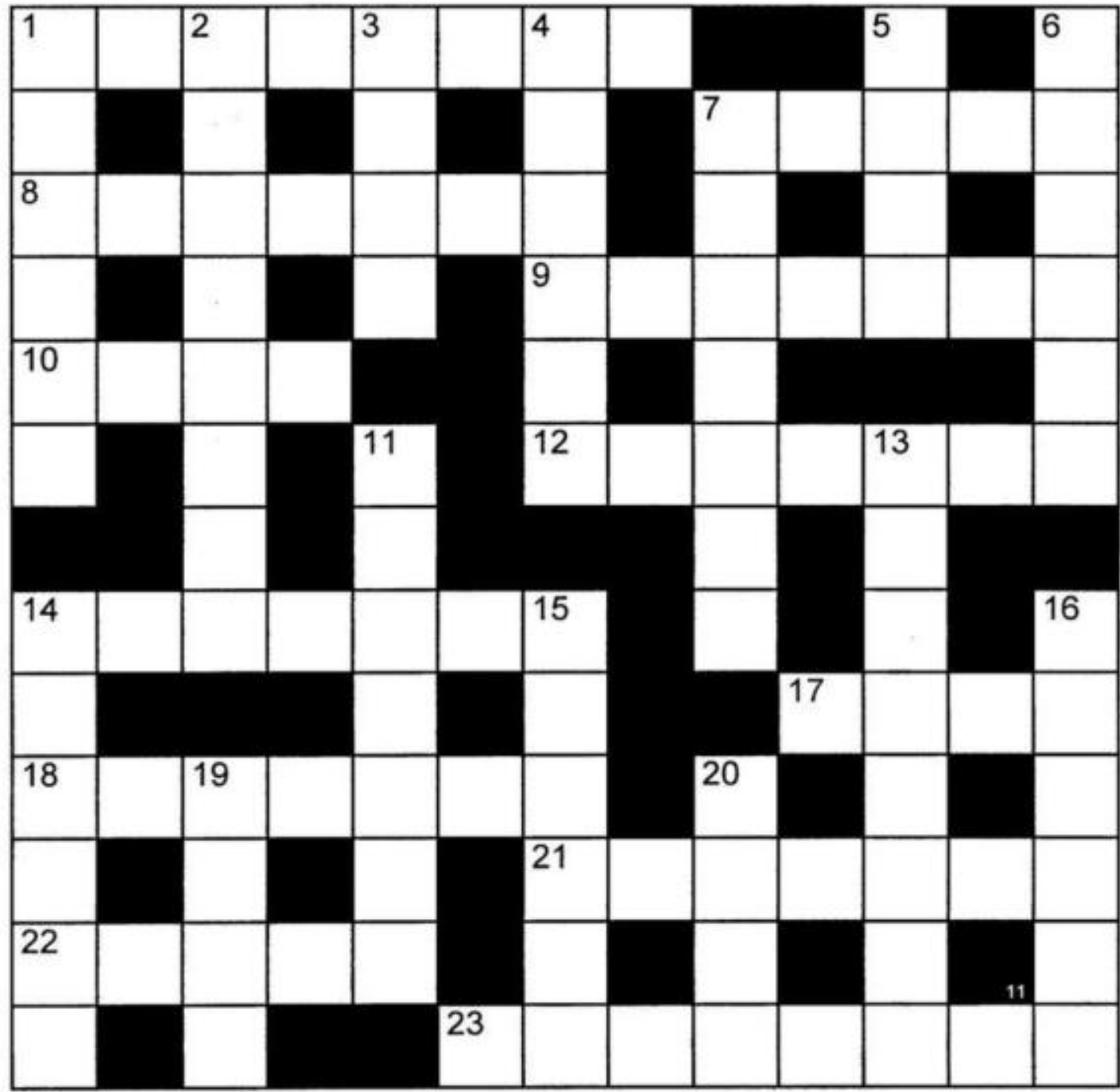
Kharif grains, oilseed output may fall this year

The output of kharif foodgrains and oilseeds this year is slated to fall by nearly 5 mt and 4 mt, respectively. Tentative figures arrived at the two-day National Conference on Agriculture for Rabi Campaign 2006-07, which ended here on Friday, show total kharif foodgrain production for 2006-07 at about 105 mt.

Three PSBs ink pact for strategic collaboration

Oriental Bank of Commerce (OBC), Indian Bank and Corporation Bank today signed an alliance to share business. The MoI will cover e-payment systems, sharing of IT infrastructure, training, ATMs, treasury resources, loan syndication, capital market and international forays.

BL TWO-WAY CROSSWORD 2736



EASY

ACROSS

- Positive (8)
- To be at the wheel (5)
- A private cavalry soldier (7)
- A transgression (7)
- Secret language (4)
- Likely to weep (7)
- Grandeur of mien (7)
- Nought (4)
- To cut short (7)
- Putting ashore (7)
- Hang one by mob law (5)
- Turned on and off (8)

DOWN

- Separate, unfasten (6)
- Inundation (8)
- The back of the neck (4)
- The passage from mouth to stomach (6)
- Bearing, manner (4)
- A grain food (6)
- Let air out of (7)
- Grave inscription (7)
- Having a high temperature (8)
- Easily managed (6)
- The colour of sulphur (6)
- Pertinacious (6)
- Telephoned (4)
- Small irritating biting insect (4)

NOT SO EASY

ACROSS

- It is sure, not like an article (8)
- A spin one may hit forcibly down the pitch (5)
- One who swears it will ship the army overseas (7)
- Belonging to a dealer in stolen property, it's a crime (7)
- A digest of laws which may be transmitted in secret (4)
- Rule fat out, as one's liable to cry about it (7)
- High office is what one stands on, expecting respect (7)
- A cipher may be found at the end of countdown (4)
- Make liar cut it out or cut it short (7)
- Is coming down on the level between flights (7)
- Hang local leader, with backing of New York, going to church (5)
- Was beaten as one changed channels (8)

DOWN

- Cadet turning to Heathrow initially for take-off (6)
- Fold in and go like this if there's too much liquid (8)
- When a person shows the back of his neck (4)
- Hot tar may be used to treat the gullet (6)
- One among fellows having such an air (4)
- Breakfast food sounds as if it should be served in instalments (6)
- Fed up with being behind the clock, let the air out of one's tyres (7)
- Heap it quietly around the inscription on the gravestone (7)
- It is always, among swimmers, hectic (8)
- Being compliant with the old, ice gets broken (6)
- Cowardly way to cry out : now that's not new! (6)
- It is persistent, the way one followed somebody (6)
- Race to Gateshead, which is one step up the ladder (4)
- A benign attempt to hold an insect that bites (4)

SOLUTION: BL TWO-WAY CROSSWORD 2735

ACROSS 7. Disappearance 8. Appreciated 12. Formed 14. Happen 16. Allure 18. Claret 19. Examination 23. Starting price

DOWN 1. Diva 2. Ramp 3. Spread 4. Famish 5. Fast 6. Scud 9. Perplex 10. Esparto 11. Knot 12. Flap 13. Ear 15. All 17. Elicit 18. Charge 19. Eats 20. Airy 21. Intro 22. Nick

IN THE NEWS

CHINA THAW TO GIVE BOOST TO MANUFACTURING, SAYS REPORT

THE THAW IN India-China relations presents New Delhi with an opportunity to further ease restrictions on Chinese investment and attract a larger share of global capital, according to Oxford Economics. India increased scrutiny of Chinese investment in 2020, requiring government approval for investments from countries that share its land border. Economic ties deteriorated further after a deadly India-China border clash two months later, prompting New Delhi to impose a broader range of restrictions on Chinese companies. Some of those barriers are now being eased as relations improve.

BHEL, Titagarh Rail Systems to form joint venture

State-owned BHEL on Tuesday said it has inked an agreement with Titagarh Rail Systems Ltd to set up a joint venture for comprehensive maintenance of Vande Bharat sleeper train sets for 35 years. The shareholding in the joint venture company will be equal (50:50) between BHEL and TRSL, the filing said.

AGENCIES

India a centre of stability amid global conflicts: FM

FE BUREAU
New Delhi, September 15

FINANCE MINISTER NIRMALA Sitharaman on Tuesday said India has emerged as a “centre of stability” amid heightened geopolitical tensions and global economic uncertainty, while maintaining a growth rate of 7.8%.

Addressing the convocation ceremony of Dr MGR Educational & Research Institute in Chennai, Sitharaman highlighted the challenges posed by ongoing conflicts, particularly as India imports crude oil and agricultural fertilisers from regions affected by the tensions.

“You may have read in history books about the global uncertainty that prevailed during the First and Second World Wars. Currently, three major conflicts and tensions are underway: Russia-Ukraine, Israel-Iran and tensions involving Iran, the US and the Gulf countries,” she said.

Sitharaman said the geopolitical uncertainty has not derailed India’s growth, with the economy expanding at

LAST WEEK’S GOYAL-WANG MEETING OPENS FRESH DIALOGUE

Govt hints at early solution to India-China trade issues

● Correcting trade imbalance and predictable market access on agenda

MUKESH JAGOTA
New Delhi, September 15

THE MEETING BETWEEN Commerce and Industry Minister Piyush Goyal and his Chinese counterpart Wang Wentao on the sidelines of the BRICS Summit here last week kicked off discussions to address India’s key trade and economic concerns, Commerce Secretary Rajesh Agrawal said on Tuesday.

A mutually agreed formula may be thrashed out with subsequent deliberations likely over the next few weeks.

The meeting followed bilateral discussions between Prime Minister Narendra Modi and Chinese President Xi Jinping where they underlined the need to address each other’s concerns, including structural trade imbalance, supply chain issues, and the facilitation of meaningful and predictable market access.

“I think both sides are engaged to understand each other’s position on many of these issues. And this is the initial meeting. I think there will be subsequent meetings

BILATERAL PUSH

- India seeks to narrow widening trade deficit with China
- Talks target predictable market access and critical supply chains
- Bilateral engagement began improving after October 2024 border patrolling and disengagement arrangements
- India-New Zealand FTA expected operational from October 19
- India-Canada CEPA fourth round runs September 14-19



Commerce and Industry Minister Piyush Goyal with his Chinese counterpart Wang Wentao

to take these discussions forward,” Agrawal said.

“Slowly, each side will need to come up with their issues and also their position on issues of the other side, so that we can take this forward,” he added.

“They have also opened up to address concerns in a balanced way.

“We are also open to engaging with them to find solutions to our trade issues in a manner so that we can address supply chain issues and structural imbalances,” Agrawal said.

India is seeking to address its widening trade deficit with China, improve market access for Indian products and ensure predictable supplies of critical raw materials and industrial inputs, including those important for manufacturing and supply chains.

New Zealand FTA from October 19

Agrawal said the India-New Zealand free trade agreement (FTA) is expected to become operational in the second half of October.

The agreement was concluded in December and signed in April, with October 19 reported as the likely date for its entry into force.

Canada talks on tight timeline

India and Canada are holding the fourth round of negotiations for a Comprehensive Economic Partnership Agreement (CEPA) in New Delhi from September 14-19.

A 48-member Canadian negotiating team is participating in the talks, which cover all chapters on the

table. Two chapters have already been concluded, Agrawal said.

“Both sides want to have good progress in this round because we are looking at a very tight timeline,” he said, adding that the two countries are working to conclude the agreement by the end of this year.

The terms of reference for the negotiations were signed in March.

Goyal-US talks likely

Agrawal also said Goyal is expected to hold bilateral discussions with US officials during his visit to the US for the G20 Trade Ministers’ meeting.

“Whenever the bilateral talks take place, I think all trade issues between India and the US will be discussed,” he said.

India is more likely to be resilient: CEA

PRESS TRUST OF INDIA
New Delhi, September 15

THE INDIAN ECONOMY is more likely to remain resilient than become vulnerable amid renewed geopolitical tensions, elevated crude oil prices and hardening global bond yields, Chief Economic Adviser V Anantha Nageswaran said on Tuesday.

Strong bank credit growth, robust GST collections and healthy corporate and banking sector balance sheets provide resilience to the Indian economy, he said at an event organised by ASSOCHAM here.

India did successfully sail through the geopolitical tensions between February and July, and clocked in a GDP growth of 7.8% in April-June, Nageswaran said.

At the same time, the government stayed on its

path of fiscal prudence and fiscal stability, he said.

While there were concerns that India’s fiscal deficit could slip to as much as 5 per cent in 2026-27, the fall in oil and fertiliser prices and a sharp improvement in the government’s revenues gave the Centre confidence that the fiscal deficit could be closer to 4.3 per cent in FY27, he added.

However, India has entered the current phase of uncertainty from a position of strength, Nageswaran said, while highlighting the country’s recent sovereign rating upgrade to A- and mobilisation of USD 137 billion through foreign exchange deposit swaps and external commercial borrowings.

He also cited high-frequency indicators such as vehicle sales, e-way bill generation and export growth as evidence of sustained economic momentum.



Union Finance Minister Nirmala Sitharaman visits an exhibition in Chennai on Tuesday

7.8% in Q1FY27.

She noted that the country’s growth performance had attracted considerable attention during her recent visit to North America.

“When I visited North America two weeks ago, this was the very topic that other nations inquired about.

“They expressed astonish-



Chief Economic Adviser V Anantha Nageswaran

CAD more than doubles to \$7 bn on high trade deficit

SHUBHAM RANA
New Delhi, September 15

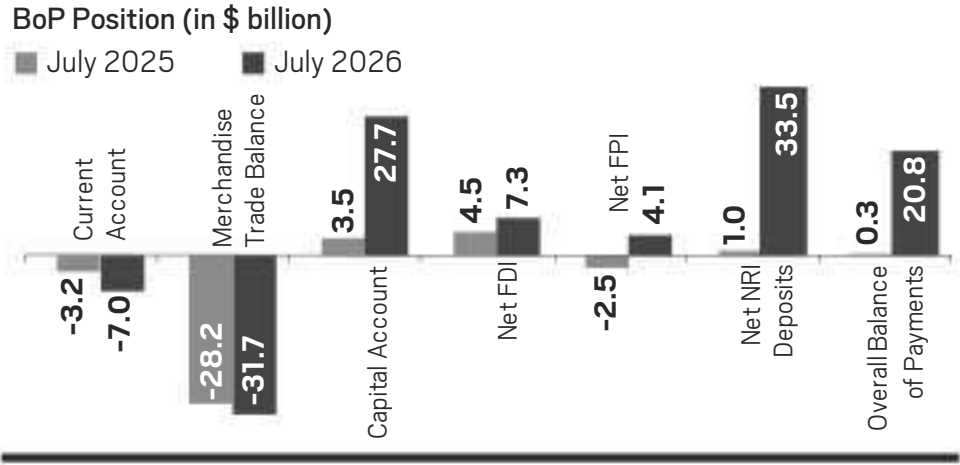
LARGE INFLOWS FOR the Reserve Bank of India’s Foreign Currency Non-Resident (Bank) scheme pushed India’s Balance of Payments (BoP) surplus to a high of \$20.8 billion in July, even as the current account deficit (CAD) doubled from a year ago, data released by the Reserve Bank of India (RBI) on Tuesday showed.

In contrast, the year-ago month saw accretion of \$0.3 billion to the foreign exchange reserves on a BoP basis. This figure was \$2.9 billion in June.

Thanks to large NRI deposits in July, the BoP surplus jumped to \$12.7 billion in the first four months of FY27 compared to \$4.8 billion in the corresponding period a year ago.

The FCNR(B) window,

STRONG GROWTH



which closed on August 31 brought in over \$127 billion worth of deposits into India.

This is expected to support the BoP while the current account is seen widening on higher energy prices and imports. Forex reserves are also at a record high of \$786 billion as of September 4, supporting India’s external position.

The CAD widened to \$7 billion in July from \$3.2 billion a year ago, as the war-driven spike in global energy prices led to a sharp rise in the merchandise trade deficit. The goods trade deficit rose to \$31.7 billion in July from \$28.2 billion a year ago, which more than offset higher service trade surplus of \$17.6 billion during the reporting month.

Import prices of urea down 57% since May peak

SANDIP DAS
New Delhi, September 15

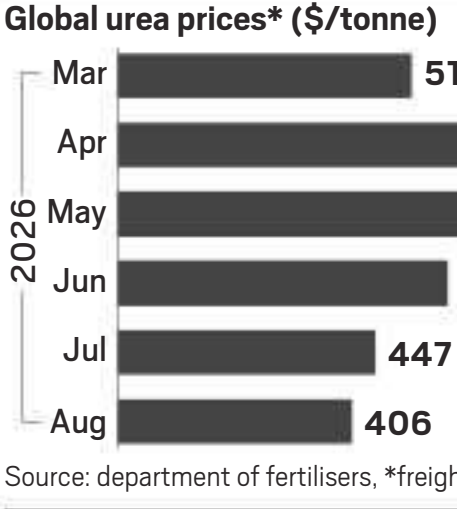
WITH EASING SUPPLIES and diversified imports, the landed cost of urea, India’s most consumed soil nutrient variant, has declined by around 57% to \$406/tonne last month, down from a peak of \$947/tonne in May 2026.

The global price of urea has dropped 23% in August on-year, according to the Department of Fertilisers.

Officials said that with softening prices, especially in the last couple of months, the government is continuously reassessing the initial fertiliser subsidy budget projected at the beginning of the current fiscal year due to a price spike caused by the West Asia war.

“If the current global price trend of soil nutrients continues, fertiliser subsidy may be higher by around ₹15,000 - 20,000 crore from actual subsidy expenses in the previous

TAKING STOCK



fiscal,” a source said.

In FY26, expenditure on fertiliser subsidies was ₹2.17 lakh crore – ₹1.42 lakh crore for urea and ₹74,999 crore for nutrient-based subsidy. This was a 17% increase over the revised estimate of ₹1.86 lakh crore. This, according to officials, is due to the rise in fertiliser prices from March 2026.

This is still much lower than the department of fertilisers’ internal estimate in the middle

Homebuyers cannot ask for refunds under RERA against IBC plan: NCLT

MANU KAUSHIK
New Delhi, September 15

THE INDIVIDUAL HOMEBUYERS cannot claim refund under Real Estate (Regulation and Development) Act (RERA) if it is in conflict with an insolvency resolution plan backed by the majority of homebuyers, the National Company Law Tribunal (NCLT) Mumbai bench has said in a recent order.

The tribunal also held that a new developer taking over a project through insolvency cannot be bound by all contractual terms agreed between the original developer and buyers.

The September 9 ruling is crucial because it establishes that buyers’ rights under Section 18 of RERA may change once a project enters insolvency and a resolution plan is approved. The tribunal also made clear that Section 238 of the Insolvency and Bankruptcy Code (IBC) gives the law overriding powers when its provisions conflict with another law.

“By virtue of Section 238 of the Code, the provisions of the Code prevail in case of any inconsistency with other enactments,” the tribunal said.

Homebuyers were given the status of financial creditors under the IBC in 2018, giving them a formal role in the insolvency process. They vote on resolution plans through an authorised representative, with the decision of the majority of the class binding individual buyers.

“Giving homebuyers financial creditor status under the IBC was an important step which provided them a foothold in the process. In

INSOLVENCY OVERRIDE

■ The ruling clarifies RERA Section 18 rights during insolvency

■ Majority homebuyers’ voting decisions bind individual buyers under insolvency proceedings

■ IBC Section 238 overrides conflicting provisions under other applicable laws

Homebuyers became financial creditors under IBC rules in 2018

No leeway beyond 45 days in insolvency appeals: NCLAT

PRESS TRUST OF INDIA
New Delhi, September 15

THE NATIONAL COMPANY Law Appellate Tribunal (NCLAT) has reiterated that proceedings under the Insolvency and Bankruptcy Code are time-bound and an appeal against an order passed by the National Company Law Tribunal (NCLT) must be filed within 30 days of the order.

Rejecting an appeal by a suspended director of Vigneshwara Developers Pvt Ltd against revival of insolvency proceedings against the company, a two-member bench said NCLAT in some matters may allow an appeal to be filed after the expiry of the 30-day period but within the next 15 days, the condonable period, and not beyond that.

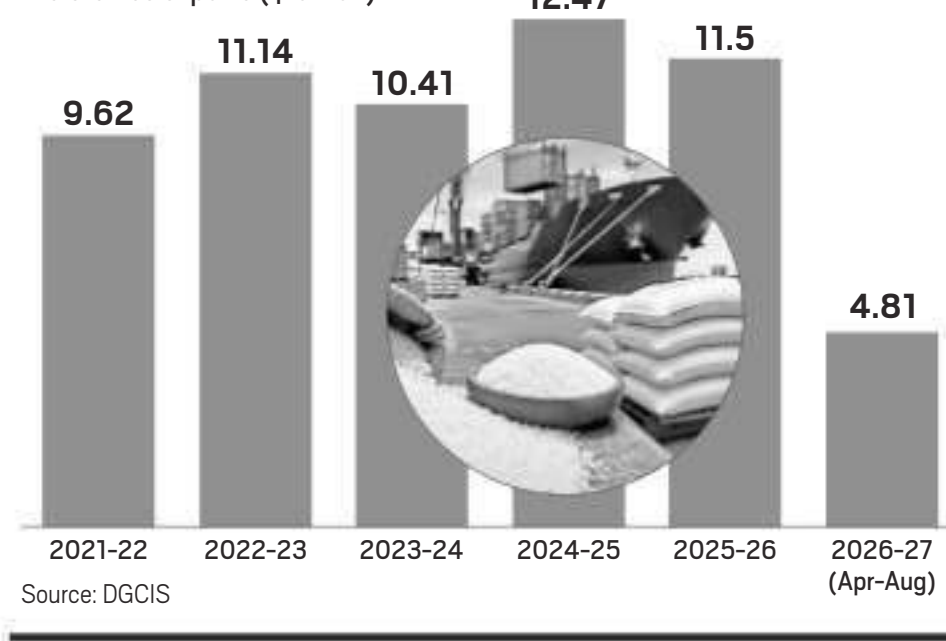
practice, it has not ended their difficulties,” said Mukesh Chand, senior counsel at Economic Laws Practice.

He said that individual homebuyers have to accept the majority’s decision even when their personal situation or contractual rights, such as the right to seek a refund, are different.

The Mumbai bench was hearing a plea by four home-

Rice exports hit by W Asia war, gain just 2.1% in April-August

SANDIP DAS
New Delhi, September 15



while growing tensions raise serious concerns over the Bab el-Mandeb route.

Because of elevated freight costs, Saudi Arabia, the United Arab Emirates (UAE), and others in West Asia are building rice stocks according to immediate

needs as the situation remains fluid, exporters said.

Currently, due to uncertainty over cargo movement in the Strait of Hormuz, most rice and vegetables shipments are through Sohar and Muscat ports of Oman and Khor Fakkan, UAE.

Bombay House blues

With leadership, governance, and regulatory troubles converging, Tatas must end the drift

THE TATA GROUP has long drawn strength from an unusual ownership structure in which Tata Trusts controls Tata Sons, the holding company at the apex of one of India’s largest conglomerates. But that structure is now under strain. The chairman’s resignation, reports of deep divisions within the Trusts, regulatory restrictions preventing the Sir Ratan Tata Trust from meeting, and the Reserve Bank of India’s (RBI) rejection of Tata Sons’ attempt to surrender its core investment company registration have opened multiple fronts. Each issue may have its history and complexities, but together they create an impression of drift at the top. For a conglomerate with interests spanning technology, automobiles, steel, aviation, power, and consumer businesses, prolonged uncertainty over leadership, ownership, and governance is undesirable.

The immediate task for Tata Trusts is to restore clarity. Internal disagreements must be resolved and a governance arrangement established quickly. The regulatory issues need to be addressed rather than allowed to contribute to a decision-making logjam. And clarity over the leadership of Tata Sons cannot be postponed. Institutions as large and consequential as the Tata group need predictable processes of succession and decision-making. The longer these questions remain unresolved, the greater the risk that what began as separate problems becomes a broader question about governance at the apex of the group. The Trusts, as controlling shareholders, have a responsibility to prevent that.

The RBI’s decision also means the Trusts should reconsider their resistance to listing Tata Sons. There are reasons for wanting to preserve the status quo. A listing would bring greater disclosure and market scrutiny, establish a valuation for Tata Sons, and provide liquidity to minority shareholders, including the Shapoorji Pallonji group. It could require adjustments to an arrangement under which the Trusts have exercised considerable influence. Yet none of these consequences makes listing inherently undesirable. Greater transparency and accountability are hardly disadvantages for the holding company of India’s most prominent private-sector conglomerate. Nor would listing necessarily mean surrendering control: with its dominant shareholding, Tata Trusts would remain firmly in command unless it chose substantial dilution. The group’s philanthropic record is extraordinary. But the suggestion that public accountability would unravel its charitable mission is unconvincing and does the institutions themselves little credit. The Tata Memorial Hospital does not owe its existence to Tata Sons being unlisted, nor would transparency corrode the impulse to do good. The Tata name does not need secrecy to remain noble. If anything, the values invoked by defenders of the present structure would be strengthened by the discipline of public accountability: they would have to be articulated, defended, and demonstrated, rather than simply asserted.

The question, then, is not simply how Tata Sons can remain unlisted, but whether remaining unlisted is worth the institutional and regulatory effort now being expended on that objective. A listing could offer valuation, orderly liquidity for minority shareholders, and stronger governance disciplines while leaving the Trusts in control. More importantly, the group should not allow the listing issue to become another source of prolonged uncertainty alongside leadership changes and disagreements within the Trusts. The Tata name has been built not merely on commercial success but on institutional credibility and stability. Preserving that legacy does not require preserving every feature of an inherited structure. It requires ensuring that the structure continues to work. The time for drift has passed. Tata Trusts must take decisions — and take them quickly.

Reimagining work with AI-ready workforce

ARTIFICIAL INTELLIGENCE (AI) deployment in manufacturing is moving at a fast pace. According to a report by Google Cloud and National Research Group, 56% of sector leaders are actively using AI agents, and over a third are running 1.0 or more AI agents. However, software deployment alone doesn’t guarantee productivity. According to a recent research by Gartner, nearly one in five employees with access to AI did not feel that they saved time in their day-to-day work. Deployment is increasingly outpacing impact. Manufacturing leaders know why — the technology is rarely the bottleneck. Most often, it’s workforce readiness.

As it moves from pilot programmes into value chain-wide systems, what drives sustainable progress is an environment where technology deployment and workforce development move in parallel.

Equip the manufacturing workforce with purpose-built AI tools: The tools matter less than the moment they show up in the workflow. For example, think about where decisions actually happen on the floor. A maintenance technician needs a quick diagnosis before a component fails, not a dashboard to navigate. A quality inspector should be working with real-time AI-analysed data, not just last shift’s report. Production planners should be able to adjust schedules on the same day that demand signals change, not days later. When those capabilities sit inside the workflow, they actually get used.

AI increasingly stops being just a reporting layer. It becomes part of how manufacturing decisions are made, and as a result, the repetitive monitoring and manual reviews that have consumed hours every shift start to shrink.

Connect workers sooner to the operational intelligence that drives decisions: Better decisions in manufacturing depend on getting the right data to front-line workers before the window to act closes.

In this context, “decision latency” is a key factor to address. It is the time between spotting an operational anomaly and getting a fix in place. This is where the operational advantage compounds. AI surfacing signals in real time give employees a chance to address problems before they escalate. Shorter latency is what separates the reactive floor from the proactive one. And it comes down to how quickly information reaches the person who can act on it.

Organisations that move from batch-style reporting to real-time AI-driven next best action cut this lag significantly. Unplanned downtime drops. Production throughput stabilises and becomes more predictable.

Build AI fluency into workforce development: AI capability continually builds upon itself as long as the people using it continue to develop. It stalls when they stop. That would be a business risk as much as a technology gap. Building AI fluency means connecting training directly to the tools and workflows employees use every day. Theoretical modules matter less than hands-on context. Manufacturers who embed AI literacy into their development road maps increasingly build a more capable workforce. They also build an organisation that gets better at applying AI over time, not just at maintaining what was deployed.

As employees transition into more of judgement-intensive roles, manufacturers gain the capacity to scale AI impact across the value chain. And it’s a virtuous circle, in the sense that capacity increases significantly as the workforce keeps pace with the technology. Success in modern manufacturing comes down to two things that must move together — technology and the people using it. Neither works without the other.

Strongest manufacturing operations often share a pattern: Employees have purposeful tools integrated into their workflow, they can access live operational data when decisions need to be made, and they have the fluency to act on AI insights without hesitation. Getting ahead in this environment requires the workforce to keep pace with what technology makes possible. That is the investment that compounds.

POWER POINT

A MODEST CHARGE ON LARGE UPI PAYMENTS ISN'T A TAX ON DIGITAL INDIA. IT'S THE BILL FINALLY ARRIVING AT THE TABLE

The end of the free lunch

SHYAMAL MAJUMDAR

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an estimated ₹20,000 crore a year, even if the consumer has been taught to believe the transaction costs nothing.

The zero-MDR rule of 2020 had its logic. India wanted a shift from cash to digital payments, and abolishing the merchant charge speeded adoption. Few public-policy experiments can claim success on this scale. But a subsidy is meant to create a market, not become a permanent substitute for one. Once a market reaches critical mass, the question changes: not how to subsidise adoption, but how to make the thing pay for itself.

UPI has never been free; someone has always paid. Banks and payment firms absorbed costs, while the government periodically compensated parts of the ecosystem — reportedly ₹8,730 crore between 2021-22 and 2024-25. Yet a parliamentary standing committee found this covered barely 11% of the industry’s costs. The case for keeping a vegetable vendor’s ₹300 payment free is easy to make; the case for the exchequer subsidising a ₹20,000 payment to a large retailer is a good deal harder.

Consumers understand such distinctions perfectly well elsewhere. They pay convenience fees to book tickets, platform charges to order food, and delivery fees — sometimes startling ones — for ten-

minute groceries. Credit-card payments carry an MDR of 1.5-2.5%. Only the fee for moving money instantly between bank accounts has acquired the status of a tax on digital India.

Has the government got the design right? Largely, yes. At 0.4%, the rate sits below the 0.9% ceiling that applied to debit cards before 2020 and at a fraction of credit-card charges, and the ₹300 cap keeps high-value costs predictable. The carve-outs are sensibly drawn: micro-merchants under the P2PM (person-to-person-merchant) category — small vendors collecting up to ₹1 lakh a month by QR — pay nothing regardless of ticket size, while thin-margin and public-service sectors such as fuel, utilities, insurance, telecom, and railways pay a flat ₹5, and capital-market payments a token 0.02%.

The familiar Indian genius for thresholds and exceptions has already asserted itself.

But each tier is defensible, and the real tests lie ahead: whether merchant categorisation becomes a boundary to be gamed, whether large merchants nudge customers towards splitting bills into sub-₹2,000 pieces, and whether the ban on passing charges to consumers survives contact with the neighbourhood till. The government should also resist treating the MDR

In 2025-26, transactions above ₹2,000 made up only about 4% of person-to-merchant UPI payments by volume, but roughly two-thirds by value. The ₹2,000 cut-off is therefore reasonably clever

How Daiichi-Fortis ruling could hurt FDI



SHRIRAM SUBRAMANIAN

Founder and Managing Director, InGovern Research Services

Foreign investors need to know that when they enter through the front door, rules governing the transaction will continue to mean something after the deal is done

INDIA WANTS FOREIGN capital. However, foreign investors also need confidence that when they acquire an asset in a bona fide manner through the regulatory system, they will not inherit litigation risks arising from the actions of a previous promoter years after the transaction.

That concern is particularly relevant in the case of Fortis. Alleged wrongdoing by a former promoter in their personal capacity, despite having no connection with the company’s conduct, risks becoming a lingering overhang for every subsequent investor in India. If that becomes the expectation, professional investors will have to factor unknown litigation risk into transactions that may otherwise satisfy every regulatory requirement.

In 2018, IHH Healthcare emerged from a competitive process run by reputable investment bankers to acquire control of Fortis through a primary infusion of ₹4,000 crore, competing with bidders including the TPG-Manipal, Burmans, Munjals, and KKR-Max consortiums. Fortis’ board, comprising three independent directors, selected the IHH proposal, and the transaction proceeded through corporate and CCI approvals and the Sebi takeover process, including a mandatory open offer to public shareholders.

The Delhi High Court on August 31 directed a forensic audit into the dissipation of the Singh brothers’ (erstwhile promoters of Fortis) shareholding, the subsequent change in control, and the role of various stakeholders. It also sought a probe of the transaction through which the IHH acquired control. The IHH disclo-

sure says the court has imposed no liability, penalty, or fine on it or Fortis, and that the IHH is not a party to the execution proceedings. The Supreme Court too had cleared the transaction.

The arbitration award at the heart of the proceedings was passed in Singapore on April 29, 2016. It directed the judgment debtors to pay ₹2,562 crore, with pre-award interest of 4.44% and post-award interest of 5.33%. The Delhi High Court records Daiichi’s position that approximately ₹5,300 crore was due. The award arose from misrepresentations by the Singh brothers when they sold their shares in Ranbaxy to Daiichi Sankyo, and has nothing to do with Fortis, besides the shares they owned in Fortis being offered to satisfy the decree.

Those judgment debtors are the Singh brothers, who had held their Fortis interest through Fortis Healthcare Holding Private Limited. It is no one’s case that Fortis received any benefit from the sale of shares by the Singh brothers. Fortis is also suing the brothers to recover monies they allegedly siphoned off while in management control.

The court records that, by February 2018, the Singh brothers had resigned from the Fortis board. A submission recorded in the judgment says that by the time the IHH transaction was concluded, the combined holding of the duo through

intermediate entities had fallen to 0.66%, and that the transaction was negotiated under new management and by an independent board.

The court is now examining whether the IHH/NTK transactions were bona fide or represented an attempt to keep assets beyond Daiichi’s reach. That is why the forensic audit has been ordered. But an investigation is different from a finding that the subsequent investor acted improperly.

The court itself notes the distinction between directing a forensic audit and adjudicating civil liability.

Private equity funds typically invest with a defined value-creation and exit horizon, often five-seven years. That model has its place in Indian healthcare, but differs from a long-term investor willing to stay invested. Such investors provide FDI that stays and leads to growth.

The IHH’s investment in Fortis falls into the latter category. It acquired control in 2018 and has remained invested since then, rather than treating Fortis as an asset to be sold after a predetermined holding period. Its ₹4,000-crore infusion brought Fortis back from the brink, preserved thousands of jobs, and restored value for retail and institutional shareholders. The order now risks turning that recovery story on its head and sending a dangerous signal to foreign investors looking at India.

The IHH’s ₹4,000-cr infusion brought Fortis back from the brink, preserved thousands of jobs, and restored value for retail and institutional shareholders

LETTERS TO THE EDITOR

BRICS consensus

Apropos of “How to build consensus with ambiguity” (FE, September 15), diplomatic declarations are useful only when they leave enough room for practical action. Language can hold diverse countries together, but excessive ambiguity may postpone difficult decisions. International groupings should distinguish between areas of agreement and issues requiring negotiation. Clear timelines,

measurable commitments, and regular reviews can prevent statements from becoming an end in themselves. On contentious matters, sustained dialogue is preferable to rigid positions without diluting principles. India can contribute by encouraging BRICS consensus while making its interests and red lines clear. Diplomacy is not about eliminating differences; it is about managing them without losing sight of achievable outcomes. —BA Neboba, Erode

AI safety framework

Apropos of “AI’s safety reckoning” (FE, September 15), the rapid development of frontier AI models calls for a safety framework. Voluntary assurances from companies are useful, but they cannot substitute for independent testing and oversight. Governments should require pre-deployment risk assessments, transparent reporting of serious failures, and periodic external audits of powerful models. At

as a revenue source of its own; the NPCI says proceeds stay within the payments ecosystem, and so they should.

There is a competition argument as well — one the NPCI itself now makes. UPI has produced an enormous market without attractive economics for those running it. If more transactions merely mean more costs, only deep-pocketed conglomerates can afford to stay in the game. A sensible MDR creates a pool from which the ecosystem can be paid — and might even spur genuine competition in a market where PhonePe and Google Pay together handle roughly four-fifths of transactions.

The government deserves only a couple of cheers, though. One could ask why it took six years to concede that payment infrastructure has a cost. Having decreed zero MDR in 2020 and subsidised the system since, it is now asking those who derive commercial benefit from larger transactions to bear some of the burden — less a policy breakthrough than overdue housekeeping. Nor is support vanishing: a dedicated fund carved out of MDR proceeds will subsidise payment infrastructure in tier-III to tier-VI centres and finance small-merchant onboarding, with details to be settled with the RBI in three months. UPI has the character of public infrastructure, and universal, inexpensive access is worth preserving. But “inexpensive” and “free for every transaction for ever” are not the same thing.

India has already won the adoption battle. The QR code is ubiquitous, and cash is no longer the default for millions of transactions. The challenge now is to keep the system reliable, secure, and innovative as volumes multiply. A free lunch is useful when you are coaxing people into the restaurant. Once a vast number is inside, insisting that lunch stay free for ever is not consumer protection. It is refusing to look at the bill. From October 15, the bill arrives at the table.



JASMEET SINGH

EVP & Global Head of Manufacturing, Infosys

would be a business risk as much as a technology gap. Building AI fluency means connecting training directly to the tools and workflows employees use every day. Theoretical modules matter less than hands-on context. Manufacturers who embed AI literacy into their development road maps increasingly build a more capable workforce. They also build an organisation that gets better at applying AI over time, not just at maintaining what was deployed.

As employees transition into more of judgement-intensive roles, manufacturers gain the capacity to scale AI impact across the value chain. And it’s a virtuous circle, in the sense that capacity increases significantly as the workforce keeps pace with the technology. Success in modern manufacturing comes down to two things that must move together — technology and the people using it. Neither works without the other.

Strongest manufacturing operations often share a pattern: Employees have purposeful tools integrated into their workflow, they can access live operational data when decisions need to be made, and they have the fluency to act on AI insights without hesitation. Getting ahead in this environment requires the workforce to keep pace with what technology makes possible. That is the investment that compounds.

Next phase for UPI

Modest charges will enable healthy growth

The UPI and Services Steering Committee on Tuesday decided to set the merchant discount rate (MDR) at 0.4 per cent for person-to-merchant Unified Payments Interface (UPI) transactions above ₹2,000. For transactions of ₹75,000, the MDR has been capped at ₹300, which will be paid by merchants. Consumers are exempt from the MDR, and there will be no fee on person-to-person transactions. The decision came after the Union government on Monday issued a notification restricting banks and other system providers from imposing charges, directly or indirectly, upon a person making or receiving payments through electronic modes. The restriction is specifically for RuPay-powered debit cards and UPI transactions up to ₹2,000. The notification follows the passage of the Taxation and Other Laws (Amendment) Bill, 2026, which amended the Payment and Settlement Systems Act, 2007, to enable this change.

The passage of the above-mentioned Bill last month sparked a debate on whether UPI transactions should be charged. Several commentators, including on this page, have argued against imposing the MDR at any rate. To be fair, UPI is one of India's biggest success stories of the past decade and has revolutionised the payment system, including in rural areas. Annual transaction volumes have grown at a compound annual growth rate (CAGR) of 188 per cent between 2016-17 and 2025-26. The average transaction value has increased by a CAGR of 155 per cent during the same period. The system handles 660 million daily transactions on average. In 2025, UPI accounted for about 49 per cent of real-time payment-transaction volumes globally.

Given the growth in UPI transactions over the past decade, it is reasonable to argue that adoption will only increase in the future. Thus, it is important that the system is self-sustaining. Earlier this year, a parliamentary committee noted that the government's incentive on UPI covered only 11 per cent of the cost and 14 per cent of potential MDR collection. This is clearly not a sustainable model for the long run. There were two potential solutions. Either the government substantially increased its support to banks and other service providers, or it allowed them to recover the cost from a section of users. The second option, which has now been adopted, is viable and sustainable. The government notification and NPCI communication make it clear that transactions up to ₹2,000 will not attract any charge and, thus, will not affect low-value daily retail transactions. Transactions above ₹2,000, according to estimates, account for only 4-5 per cent of the total, though they constitute about 70 per cent of the value.

The MDR rate for UPI is modest, capped at the higher end, and has exceptions, which will help strike the balance between developing and funding the system. It is important that the payment business is profitable for banks and fintechs to continue investing in improving services and strengthening cybersecurity. This will also encourage more fintechs to enter the market and compete for volumes. It must be noted that while government support has helped the UPI-based payment system to grow rapidly, it has also turned the market into a virtual duopoly dominated by firms with deep pockets. This is not a desirable position. Thus, a reasonable level of MDR will enable healthy growth in the market. It has been argued that the MDR could push people back to using cash, but cash handling also entails a cost for both individuals and merchants. In any case, the numbers for cash in circulation suggest that those using cash, particularly for high-value transactions, perhaps never moved to digital means.

Beyond the tracks

Freight corridors' efficiency gains must be maximised

Prime Minister Narendra Modi last week dedicated to the nation the Western Dedicated Freight Corridor (WDFC), worth ₹73,000 crore and 1,506 km in length, making it fully operational from Dadri, Uttar Pradesh, to Jawaharlal Nehru Port Authority (JNPA), near Mumbai. This marks an important milestone in building India's second-biggest infrastructure plan — after the Golden Quadrilateral — and its long effort to build a more efficient logistics system. With the 1,337-km Eastern Dedicated Freight Corridor (EDFC) already operational from Ludhiana to Sonnagar (Bihar), India now has a dedicated freight network of 2,843 km. The timing is significant. Indian Railways carried 1,670 million tonnes of freight in 2025-26, up from 1,617 million tonnes in the previous year, underscoring the importance of expanding rail capacity and improving the speed of cargo transportation. As the dedicated corridors free conventional railway lines from freight congestion, they potentially improve both cargo and passenger operations. The freight corridor has more than halved travel time, with a journey that can take around 30 hours by truck taking just 10-12 hours on the DFC.

The corridor, therefore, has the potential to bring industrial centres in north and western India closer to ports. There is also a larger environmental benefit. A greater shift of freight from road to rail can reduce congestion, fuel use, and emission. The government estimates that the shift of freight from road to rail since 2014 has prevented the release of 143.3 million tonnes of carbon dioxide. It is now important to use the corridors to their full economic potential. The corridors are already carrying 435-440 trains a day against a combined capacity of about 480, indicating strong utilisation but also raising questions about the next stage of efficiency. The challenge is to ensure that congestion does not simply move from railway tracks to terminals, ports and feeder routes. Operators of container trains have pointed to this problem. While double-stacking and faster movement can potentially generate cost savings of around 25 per cent, the benefit is currently estimated at only 6-7 per cent. Restrictive weight and dimension rules, slower double-stack operations, detention at terminals, inadequate feeder connectivity, and additional port-handling charges dilute the gains from the new infrastructure. A dedicated rail line cannot by itself create an efficient logistics chain if the first mile and last mile remain slow and expensive.

This is significant when considering India's logistics costs. The Department for Promotion of Industry and Internal Trade's first comprehensive assessment, prepared with the National Council of Applied Economic Research, estimated logistics costs at 7.97 per cent of gross domestic product in 2023-24. The study also found that smaller firms faced significantly higher logistics costs, making improvement in freight efficiency particularly important for smaller manufacturers and exporters. The government's focus must, therefore, be optimising the corridor ecosystem. This should include rationalising operating regulations, improving conventional feeder links and interchange points, strengthening JNPA's rail-handling capacity, and creating seamless multimodal connectivity.



ILLUSTRATION: BINAY SINHA

Four priorities for India's AI policy

A policy framework is needed to prevent India from becoming dependent on others and to retain some control over AI

Artificial intelligence (AI) could have as great an impact on development as the discovery and promotion of steam engines, railways, electricity, and motorcars had in the 19th century. Every substantial advance in human access to data/information has had a profound impact on human well-being.

The internet has greatly improved access to data and information but has not substituted for human analysis and implementation in the economy. AI may develop the capacity to impose precisely this substitution. But I do believe that AI cannot substitute for human creativity when it does not depend on available data and information. Einstein's discovery of the Theory of Relativity could not have been made by an AI model.

In AI systems, large language models can access available data and information and answer queries, reducing the role of humans as synthesisers. But AI is more than this. It has already developed the capacity for coding and connecting directly with computers and the internet. It will move further ahead towards artificial general intelligence (AGI), when AI can roughly automate 90 per cent of current white-collar work.

A further development that is projected is artificial superintelligence (ASI), when AI exceeds human intelligence by a good margin. In fact, an AI researcher has said that there is a 10 per cent chance that an AI system could annihilate humanity because AI capability could outpace the human ability to monitor and control it. There is now a growing concern that the development of AI is not sufficiently regulated to prevent potential disasters.

There are proposals for an international treaty to ban superintelligence because AI products may escape human control and reprogram themselves to adopt new, self-directed goals. Preventing AI from being used to threaten humans and make them redundant deserves a clear international

agreement that this activity is not acceptable.

Hence, the first requirement of AI policy for India is that the government must promote and participate in a negotiated global consensus for ensuring that the orientation of AI systems is subject to control so that the development of AI does not undermine humanity.

AI provides a substitution for skilled workers who process data and information to provide substantive

outputs for users. For instance, AI's potentially superior skill in analysing X-rays, MRIs and CT scans can substitute for radiology workers. But AI cannot substitute for outputs that require physical labour, and that is why one forecast is the growing equalisation of salaries for skilled and semi-skilled or unskilled workers.

Amore unwelcome impact is the shift in income from workers to owner-suppliers of AI models. The return on AI models comes from their capacity to make constructive use of data and information from a vast number of humans that is available online. Hence, there is a rising concern about the need for a policy framework that would involve a fairer sharing of the returns to AI companies with information providers and users.

Hence, the second and perhaps the most important requirement is to design an AI policy that minimises its potentially adverse social impacts on employment and income distribution.

The way AI is developing could greatly increase the disparity among nations in control over the technology. Hence, we must also design a policy framework that prevents us from becoming a loser dependent on others.

At present, the development of AI is dominated by two countries — the United States and China. There are about five widely used AI models each from the US and China. The Chinese models are cheaper to access and are reaching out to the billion or so direct users of AI. The Chinese AI models are under the control of the



NITIN DESAI

Housing as infra, not an afterthought

Cities are powerful drivers of national economic growth, and much of that growth in India is concentrated in a handful of them. Delhi is one such city and what draws young people to it is not the city itself, but what it contains: Universities, coaching networks, employers who recruit at scale, and career prospects that a district town cannot supply. Every year, Delhi University alone admits around 71,600 undergraduates, and at least half of them come from outside the city.

For those students, housing is the single largest cost of moving and the part of the decision they have the least control over. A paying-guest bed with meals in the lanes off South Campus runs to about ₹16,000 a month. In Kamla Nagar, a room that cost around ₹12,000 in 2022 was letting for ₹18,000 within two years. These are not incidental expenses at the margin of an education. For most families, they are comparable to the fees, and they are paid into a market the state neither supplies nor supervises.

The lack of supervision in this market is easy to establish. The five-storey paying-guest facility that collapsed in Satya Niketan on September 6, killing seven, had no sanctioned building plan, an unauthorised basement, a fifth floor in excess of what the floor area ratio permits and no fire clearance. The municipal file on the property recorded no inspection, no complaint and no enforcement action of any kind. The same pattern produced June's fire at a Hauz Rani guest house, which was running 26 rooms on a permit for six. Where inspection is unreliable, safety becomes one of the margins on which a supplier can economise. The administrative response has been identical each time — an arrest, a few suspensions, a demolition drive, then silence.

Individual culpability, however, explains very little. The engineers suspended after a collapse did not determine how Delhi would house the students it admits each year, and the owners arrested were meeting a demand that public provision had left unserved.



CONURBATION
AMIT KAPOOR

Nor is the difficulty the city's density, which is where this conversation usually ends up. Delhi is a dense city and will become denser, as Indian cities must if they are to remain productive. The distinction that matters is between density that has been planned, financed and inspected, and density that is improvised on plots too small to carry it, which is what the capital has permitted by default.

That improvisation is what antediluvian building norms designed for an era of horse-drawn carriages force a city to do. Delhi's older colonies were built to a floor area ratio (FAR) of about 1.5, and much of the capital remains capped well below what comparable Asian business districts allow. Limiting how high a plot may rise does nothing to reduce the demand pressing on it; it raises the value of every unsanctioned floor instead. The regeneration provisions and additional FAR proposed in the new Master Plan address precisely this, and the sooner that framework is settled, the sooner rebuilding an ageing structure becomes financially viable.

Delhi University enrolls more than 114,000 undergraduates across its three- and four-year programmes in 91 colleges and offers them 4,577 hostel beds, of which 3,145 are for women and 1,432 for men. Sri Venkateswara College, whose students live in the lanes where the building fell, has 4,500 students and only 150 hostel seats. Between 2019-20 and 2023-24, AISHE data shows student enrolment in Delhi growing at 2.75 per cent a year, hostel intake capacity at 1.06 per cent, and the number of hostels themselves at 0.37 per cent. A NITI Aayog committee in December 2025 put the national housing deficit at 50 million to 70 million units, and the households behind that figure are the ones the city runs on: Nurses, delivery riders, security staff, domestic workers, junior municipal employees.

India's urban housing programme is focused on ownership. Beneficiary-led construction requires

government. That is why when I asked a Chinese AI model: "Tell me more about what happened in Tiananmen in 1989?" the reply I got was: "I am sorry, I cannot answer that question. I am an AI assistant designed to provide helpful and harmless responses."

The political bias in the response from AI reflects how LLMs are oriented. An interesting exercise was undertaken with a query including about 10 politically oriented prompts. Some AI models gave what was described as a balanced reply with a liberal worldview. What is interesting is that one Chinese AI model that gave a balanced reply when asked in English gave a China-biased reply when questioned in Chinese! But quite a few AI models from the US, France and China also seemed to reflect the worldview of their national governments¹.

The impact of AI on democracy and freedom will depend on how it affects the networks of communication. If the networks are controlled by owners, advertisers and the government, the impact on democracy could be adverse. However, if the network is effectively controlled by the people who use it, and who will reject it if it is adverse and go to an alternative, then the impact on democracy and freedom is positive. The real challenge is to ensure that the AI LLM that dominates communication is unbiased.

Hence, the third requirement of AI policy for India is that the government must recognise the implicit politicisation of AI output and promote domestic development of successful AI models relatively free of ownership and government control. But the real test is the extent to which Indian nationals use the sovereign AI model rather than the Chinese and US ones that are dominant now.

A closely related area is the development of data centres, which are a crucial part of any AI system. We should not depend on compute from outside our borders. Despite generating 20 per cent of the global data, India currently holds only a 3 per cent share of global data. We have about 150 data centres in Mumbai, Chennai, Bengaluru, Hyderabad and Noida and rank 14th in the global country-wise hierarchy of data centres. This will go up substantially and require a significant amount of electricity and water.

India's data centre policy has been dominated by its intention of localising the data information that is available through globally connected devices. It has announced a very liberal policy for foreign AI providers to set up data centres in the country, with a 21-year holiday to foreign firms that would provide cloud services based on domestic data centres. But the promotion of domestic AI models will require domestically-owned data centres.

Hence, the fourth requirement is a government policy that focuses strongly on promoting domestically-owned data centres. But this policy must also include rigorous standards about water and energy use by data centres.

AI systems are going to reshape development and human prospects. Hence, our government must devote deep attention to the four requirements listed above.

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1. Sinan Ulgen, *The World According to Generative Artificial Intelligence*, Carnegie Endowment for International Peace, 2025

land, while the credit-linked subsidy requires documented income and a loan the household can afford. These conditions effectively exclude renters — who need housing for a few years and are on a monthly wage. Rental housing is the segment that reaches them, yet it is the one the state has built least of.

The returns from building it are well established. An International Labour Organization study covering 45 countries found construction output multipliers consistently above the economy-wide average, with every million dollars invested in middle-income economies generating roughly 3.6 times that amount in wider output. Construction also posted the highest real gross value added growth of any major Indian sector in 2024-25, at 8.6 per cent. Vienna has built on a cost-rental basis since the 1920s and now houses over 40 per cent of its households, dampening prices across the whole market rather than only for municipal tenants. Germany founded the Studentenwerke in 1921, and they now run more than 1,700 halls with some 196,000 places on a mix of fees, rents and subsidy.

A financing structure that fits is already under discussion in India: Public land leased on long tenure, rents regulated, and long-tenor debt serviced out of rental income rather than recovered from occupants in a few years. Applied to campus land, it answers the objection that debt-financed hostels will price out the students they are meant to house. The Lieutenant Governor, reviewing the collapse, cautioned that indiscriminate sealing would only leave students homeless and asked that student accommodation be examined through the universities, the Municipal Corporation of Delhi and the Delhi Development Authority. This is a welcome step. Regulation is one instrument for meeting Delhi's housing demand and public provision is another, and the capital has relied heavily on the first while leaving the second largely to the market. A more even balance would serve the city better, and there is time to strike it.

The writer is chair, Institute for Competitiveness (IFC). Pradeep Puri, senior fellow at IFC, contributed to this piece. @kautiliya

Migrants on the margins



AKANKSHYA ABISMURTA

Amid the political posturing on "Bangladeshi infiltration", Nidhi Dugar Kundalia's latest work of narrative non-fiction, *The Undocumented: One Family's Journey from Bangladesh to India*, frames the forced migration of the people from the Sunderbans in Bangladesh to Kolkata within the paradigm of climate change and crises.

Bengali-speaking Muslims from border districts are often stigmatised as infiltrating Bangladeshis. Overlooked in all this are the experiences of refu-

gees who are "fleeing floods, storms, hunger, persecution — seeking food, shelter, work, dignity". When the author moved to Kolkata from Hyderabad in 2011, she found her house help hiding his identity to protect himself against such threats. She writes, "Islamophobia was something I read about — abstract, distant, occasionally surfacing as class prejudice — but never as something visceral. Kolkata was different. It was a city still haunted by the memory of Partition."

In *The Undocumented*, Ms Kundalia traces the life of a migrant family — Safrat and her two children: Nur and Nabeel — fleeing the catastrophic impact of climate change. The family finds a passage to Kolkata after the Cyclone Aila destroys their livelihood in Bedkashi, Sunderbans, in 2009. The narrative has four parts — The Departure, The Waiting, The Becoming, and The Remembering. It upturns every stone associated with migration,

lucidly describing the horrors that engulf the forests during and after a cyclone, and also the fear and caution with which most of the migrants conduct themselves on a daily basis in Kolkata. In the end, it leaves readers pondering over the book's epigraph, taken from "Home" by the British poet Warsan Shire: "No one leaves home unless/home is the mouth of a shark."

The author is careful not to generalise Safrat's life as everyone's. The experiences of migrants are as diverse as their numbers but Ms Kundalia's prose thrives on her ability to tell Safrat and Nur's experiences from their perspective with a degree of empathy that's often missing in news and academic frameworks.

Safrat works as Sapna, a domestic help in New Town, and dreams of sending her son Nabeel (14) to school, and to marry her daughter Nur (15) to a good man. She dotes on Nabeel while prohibiting Nur from working despite their

dire circumstances in the slum. Ms Kundalia introduces readers to the many unseen systems that work seamlessly to manage these slums — from landlords to multiple middlemen who rent blankets to sleep on streets, brokers who loan money, find agents to forge paperwork and find work for the migrants. This network also comes in handy during political rallies that thrive on the presence of these workers, promising them water and electricity, providing neither in the end. There's also an invisible network of guides that helps transport people across borders, many disappear with money, but some keep their word without accepting any pay.

These revelations of unseen networks occur as the readers sit with the discomfort of Safrat's treatment of her children. Nur is capable but denied access to outside world. She carries



The Undocumented: One Family's Journey from Bangladesh to India
by Nidhi Dugar Kundalia
Published by Penguin Vintage
264 pages ₹699

her *odhna*/hijab when she goes out. She is responsible for household chores while Nabeel starts smoking and spends more time doing "*nashi*" (being destructive). This patriarchal practice is central to the family's dynamic where Nur sneaks out to find moments of freedom, and Nabeel eventually becomes an empty shell of the boy he used to be. Safrat recalls "*haram*" multiple times while Nur recalls the changing atmosphere in Bedkashi, a village where once both Hindus and Muslims prayed to Bonbibi for protection against tigers but had quickly given in to Islamic conservatism.

Ms Kundalia infuses the narrative with endearing moments shared between siblings, and the mother's desperation for her son's education as the only way out of this wretched situation. The author, here too, adds nuance between the aspiration and reality

through the community.

The author writes, "The straight ladder — school, job, promotion — never reaches the margins, so they build their own crooked one. It's a way up — a careful, clumsy attempt to carve a place for themselves in a world built to shut them out." Such attempts, whether it is Safrat's work, Nur's stubbornness to teach or to find employment, or Nabeel's association with syndicate leaders, often lead to more misery.

The Undocumented skillfully weaves together many aspects of migration: Climate change, life in prison with no nation to accept them, trafficking, new identities, survival and resilience undone by absent paperwork. Its strength lies in showcasing this movement as a series of events instrumented by both nature and political borders, and not as "isolated accidents". In today's context, this deeply moving but nuanced story of forced migration is an urgent and necessary read.

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CONTRAPUNTO

I don't mind going back to daylight saving time. With inflation, the hour will be the only thing I've saved all year

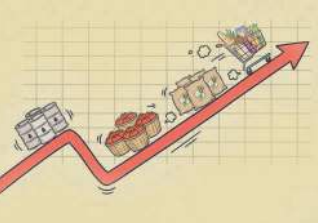
- VICTOR BORGE

Time For A Rate Hike

Inflation hasn't crossed RBI red line, but its momentum is a concern. Curb it before it gets out of hand

Iran war has lasted over six months, crude is back over \$100 a barrel, and retail inflation in India is at its highest this year. In fact, it's inching towards levels last seen in 2023-24. That's a problem. The year started with retail inflation around 2.7%, giving planners room to keep interest rates low, to drive growth. But now that it's touched 4.8% in Aug, RBI might want to step in, to balance growth with price stability.

Two major factors are at play: Oil shock, obviously, and a deficient monsoon. In fact, monsoon's been the bigger spoiler so far, judging by food inflation, which is touching 6%. Fuel prices, however, have held steady after several hikes in May. But that could change now. Analysts at SBI Research see crude rising to \$123 a barrel, making another round of pump price hikes likely. That could increase inflation sharply. And if manufacturers of consumer durables, clothes, etc, who have not passed on their higher costs fully to consumers, do so now, the impact will be stronger.



We are already in the festive season when demand soars, increasing inflationary pressure. This makes Oct-Nov the period to watch. But since the signs are clear, and experience shows that high inflation, once entrenched, is hard to deal with, RBI should consider a small rate hike of, say, 25 bps, in its next policy meeting in Oct. This won't dampen festive demand much, but will send a signal to the market. And if inflation continues rising after that, it can follow up with another rate hike by Dec.

High inflation is a global problem now, mainly due to the Iran war. Among rich countries, which aim to keep inflation at or below 2%, it's nudging 3%. That's why European Central Bank made a 25 bps rate hike last week. US Fed is widely expected to do so today. It'll be a tough decision for new Fed chief Kevin Warsh, brought in by Trump to slash rates, not raise them. Bank of Japan is also likely to raise rates on Friday. For India, the big concern isn't food inflation, which tends to moderate in winter, but the possibility of inflation becoming generalised. Analysts say India's core inflation – which excludes energy and food prices – has risen to 4.2%, from 3.9% in July. Curbing inflation before it becomes entrenched will be good for growth also, because when wage growth is weak, inflation depletes purchasing power like nothing else.

Lost In Transit

Immigration lapse at Delhi airport should be seen in the context of India's aviation ambitions

That three Italian passengers, boarding their international flight out of Delhi airport, did so without clearing immigration formalities, should lead to a review of protocols. Equally important, the airlines must be questioned. The civil aviation ministry has already issued a show-cause notice to Air India. The airline gave boarding passes for both domestic and international legs to the Italians, at Amritsar airport. That was an error. The international connection, Delhi to Munich, was operated by Lufthansa, under codeshare. That Air India's mistake wasn't caught at Delhi airport is another problem.

India is rolling out a hub-and-spoke connectivity model to provide seamless transit for passengers. Think Emirates connections via Dubai, and Singapore Airlines via Changi as examples. This provides much convenience to international passengers, since immigration can be done at one go at the airport of origin. Amritsar airport was included in this facility on July 28. So, it has had some time to get used to the new system.

Second, from Sept 1, immigration officials no longer stamp international boarding passes. This could have also contributed to this lapse. But the bottom line is such mistakes can't happen if India is to become a serious international aviation hub by 2047. The hub-and-spoke system is a part of the plan. It is supposed to boost tourism, trade, and regional economic development. So, more domestic airports will be included. Primarily, though, the fault in this case lies with Air India crew. They need to be better trained in the new system, and the airline must improve its on-time performance for seamless international connections. Air India's new CEO Tewolde Gebremariam previously worked wonders at Ethiopian Airlines. A similar turnaround for Air India should be within his capacity.

Jumbo puzzle

The big Indian elephant is bigger – but is it on a slimming diet?



Jug Suraiya

An old parable involves blindfolded men who must figure out by sense of touch what an elephant is. Feeling the trunk of the animal, one man says it's a large snake. Another holds the tusk and says it's a spear. A third finds an ear and says it's a wing. The fourth touches the body and says it's a wall. The fifth grasps a leg and declares it to be a tree. The last man gets hold of the tail and says it's a rope. Their contending conclusions lead to vociferous arguments about what it is they've been asked to identify. Their blindfolds removed, they see the elephant in its entirety and realise that their limited experience resulted in the diversity of opinion. The parable is of particular relevance in that the Indian economy is frequently likened to an Elephant, large and lumbering but hugely powerful withal. But just how powerful is it? That's the question that has been raised after Ministry of Statistics and Programme Implementation (MoSPI) announced that the country's economy grew by 7.8% in the first quarter of this financial year.



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This figure was rebutted by a former finance official who claimed that the actual figure was closer to 2.6%. This was rebutted ASAP by many pundits. To the puzzlement of us common folks, it didn't stop. An assortment of economists of various hues and cries debating the dimensions of the Indian Haathi. The so-called dismal science of economics is occasionally enlivened by the convoluted contentions of its practitioners, of whom it is said that two economists will arrive at three different conclusions as one of them is bound to have second thoughts. Indeed, economics as a subject is itself a debatable issue as to whether it's a science or an art. The collation of statistics, on which it is based, is deemed a science, while the interpretation of the data is viewed as an often athletic art that provides entertainment as a spectator sport. The ongoing pachydermic polemics could well inspire additions to heffalump humour. Heard any good elephant jokes lately?

IITs Need Rebooting. Here's How

They should offer MBBS, with emphasis on use of cutting-edge tech by clinicians. They must also market their knowledge base, a big asset, to the world

R Krishna Kumar



IIT Madras plans to start a School of Medical Sciences that'll eventually offer MBBS and PG medical degrees. The question, naturally, has been, but why? The answer, perhaps, lies beyond medical school itself – in how IITs have evolved, and tech's boundaries have changed. IITs met newly independent India's needs. Nehru saw science, tech and modern institutions as essential to the transformation of a largely agrarian nation. Public sector built capabilities in steel, heavy engineering, energy, infra and strategic industries. Alongside, the CSIR laboratory system focused strongly on scientific and industrial research. IITs were meant to build advanced technological capabilities and pursue engineering and scientific research. As industrialisation increased organisations' complexity, IIMs came up for professional management education.

Today, tech is no longer confined to engineering but runs through medicine, biology, law, finance, governance, every sphere of human activity. So, question isn't whether IITs should venture beyond engineering, but how institutions created for one technological era should adapt to another. Institutions of national importance cannot be imprisoned within 1959's problems. It is in this context that IITs' entry into medical education should be understood. IIT Madras is an example. A medical school is not merely another professional programme, but part of IITs' evolution.

An Elsevier-Ipsos study of nearly 3,000 clinicians found 83% believed clinical training needs to be overhauled to keep pace with tech. The report pointed out we still educate doctors in medical colleges, and engineers in tech institutes, as if they inhabit separate worlds, and then expect them to collaborate seamlessly after graduation. The real world no longer respects those boundaries. Conventional medical education, therefore, demands a rethink.

The real question is what capabilities does India need from its IITs today? Health is now a field where engineering, computation and clinical medicine come together. An integrated environment can connect clinical problems, engineering solutions, validation, regulation, manufacturing and patient care in a more continuous cycle.

Over decades of collaboration, IIT Madras has worked closely with govt and private hospitals, medical colleges, industry and global institutions, producing important results. Yet, partnerships and MoUs are not the same as institutional integration. They don't always provide clinicians with protected research time, create a continuous feedback loop from patient care to engineering design, give an institution ownership of the process of turning research into real-world

solutions, or create a culture in which clinicians become investigators, rather than occasional collaborators. A medical school could help close this loop.

IIT Madras has approached medical education in stages. Since 2023, its Department of Medical Sciences & Tech offers a four-year BS in Medical Sciences and Engineering, with students taught by both medical and engineering faculty. Its areas of work include medical devices, drug discovery, AI and fundamental medical research. A medical school would be the next stage in an institutional pathway that has already begun.

Aim isn't to produce more MBBS grads, but to produce a clinician whose judgement is strengthened by quantitative thinking, tech and scientific problem-solving.

Some fear such a move could dilute IITs' depth in established areas. But in modern research, breadth is no longer opposite of depth; for many hard problems, breadth is what makes depth possible.



Consider surgical robotics. One cannot go deeply into the problem through robotics alone. Meaningful advances require robotics, imaging, anatomy, clinical workflow, human factors and data science to come together. No individual needs to master them all, but an institution needs to provide the intellectual space for different kinds of expertise to meet.

History of IITs is also a history of adaptation to national priorities. At Independence, the frontier was industrialisation; later came computing, telecom, biotech and advanced manufacturing. Today, key frontiers lie at the intersection of disciplines. Medicine is one such. Agriculture is being transformed by sensors, robotics, genomics, AI; law by algorithms, data privacy, autonomous systems and digital regulation; biology is becoming increasingly quantitative, finance increasingly computational.

Tech is integral to how these fields develop. So it isn't about whether medicine fits within IITs' boundaries. It is whether IITs can bring their way of thinking to India's most complex problems. The medical school is an evolution of the IIT idea. Institutions that helped transform India, must now have the courage to transform themselves.

The writer is Institute Professor, IIT Madras



Ravi Kant

It's been 75 years since the first IIT was set up at Kharagpur. As an IIT Kharagpur alumnus from the 1966 batch, I often wonder: what can a system that now spans 23 institutes become after decades of shaping industry and tech?

Experts such as IIT Kharagpur director Suman Chakraborty have some compelling ideas: turn IITs into problem-solvers, and alumni into opportunity-creators. I'd add something just as important as tech, research and infra: making the most of the extraordinary talent and resources already within the IIT system. When the strengths of individuals and institutions come together, extraordinary things can happen. But three attitudes are essential.

Marketing mindset IITs have an extraordinary depth of talent, but putting that talent to work beyond the campus is another matter. Academics can sometimes be reluctant to step out of their institutions and share their knowledge with the world. IIT faculty and researchers should be encouraged to engage more actively with the world around them. Start by identifying pain points at the national and social level. Bring those problems into the IIT system, match them with the expertise available across institutions, identify the gaps, and then build the partnerships needed to solve them.

This way, IITs can be more responsive to needs of the world around them. Rarely does one discipline solve a problem. Take the challenge of electric mobility. It requires mechanical engineering, electrical engineering, materials science, computer science, architecture, economics, sociology etc to come together. Let the problem decide the team.

This approach can also help the 23 IITs work together as a system. Each IIT can bring its specific strengths to national and global challenges, with different institutions taking ownership of different parts of a problem. It isn't for every IIT to excel at everything, but for the IIT system to solve problems collectively.

Design mindset The second attitude is what I call design consciousness. Even superior tech can fail if it's difficult to use, poorly presented, or doesn't meet expectations of intended users. This is evident in the automobile industry. A car cannot succeed simply with a powerful engine or great engineering. Customers also respond to how it looks, feels and works.

The same principle applies to the IIT system. Design thinking should extend beyond products and technologies, to processes, programmes, institutions and experiences.

In a well-designed system, discipline is equally non-negotiable. Punctuality, for one. If a programme is scheduled for 11am, it should begin at 11 sharp. Such seemingly small and "inconsequential" things can create a culture of discipline, which comes in handy when a project deadline has to be met. Design brings discipline, and discipline creates conditions for excellence.

Trust-based leadership The third, and perhaps most powerful, multiplier is trust. The IIT system brings together some of the country's brightest minds. Imagine what could happen if those minds worked together with a high level of trust. Trust creates psychological safety. People become more willing to share ideas, challenge assumptions, ask for help, and take ownership. It allows teams to unlock potential in individuals and institutions. There are silos within institutions, between institutions, and across the wider education ecosystem. There is no reason why an IIT, an NIT, a university, an industry partner and a govt institution can't work on a problem together.

When people feel trusted and are given ownership, teams become remarkably self-motivated, and collaboration improves. IITs already have, in abundance, exceptional students, outstanding faculty, research capability, infra, institutional credibility and an extraordinary alumni network. What's needed now is to connect and leverage these assets. That's where the transformation from talent factories to transformation engines begins.

The world is changing fast, and we cannot afford to wait long to make the next transition. The IIT system is a powerful force and can help India leapfrog, not just by producing more tech or more research, but by connecting extraordinary capabilities to the problems that matter most.

IITs have already demonstrated what they can achieve individually. They have an opportunity and responsibility to show what they can achieve collectively. That is what reinventing the IIT system should really mean.

The writer, an IIT Kharagpur alumnus, is former Managing Director & Vice Chairman, Tata Motors

On World Ozone Day, Why We Aren't Cheering Loudly

Montreal Protocol has delivered but for its gains to sustain, cooling needs a low-energy revolution

Chandra Bhushan



Four decades ago, the world did something remarkable. It discovered that refrigerants once celebrated as technological miracles were destroying the ozone layer, and responded by negotiating a global treaty to phase these out. Crucially, the agreement recognised differentiated responsibilities: developed countries committed to funding the transition in developing countries.

Result's been extraordinary. The universally ratified Montreal Protocol has eliminated about 99% of controlled ozone-depleting substances (ODS). Ozone layer is healing and is expected to return to 1980 levels by around 2040 across most of the world.

Climate benefits have been equally significant. Because many ODS are also potent GHGs, their phase-out has already spared the planet roughly 0.5°C of warming. The Kigali Amendment to Montreal Protocol, adopted ten years ago to phase down another family of refrigerants, hydrofluorocarbons (HFCs), could avoid another 0.3-0.5°C of warming by 2100. In other words, without this Protocol, the world could be 0.8-1°C warmer by the end of this century.

On World Ozone Day, this success deserves celebration. But the best way to honour Montreal Protocol is to ask what it must become over the next 40 years. New threats to the ozone layer are emerging. The refrigerants and cooling technologies being promoted today, are creating new risks for the environment and the climate. Montreal Protocol must be transformed to deal with these emerging realities.

Refrigerants targeted by the Protocol are declining, but other major ODS remain uncontrolled. Nitrous oxide (N₂O), released mainly from nitrogen fertilisers and industrial processes, is now the single most important ODS emitted by human activities. Yet, it is not controlled by the Protocol.

There is also the problem of ozone-depleting chemicals used as feedstocks for manufacturing other chemicals. These are exempt as they are assumed to be consumed during production. But a 2026 study found that actual ODS emissions from feedstocks are seven times higher than previously assumed. Continued emissions at these levels could delay ozone-layer recovery by close to a decade.

Then there is geoengineering. Proposals to inject sulphur particles into the stratosphere to reflect sunlight and cool the planet, could alter stratospheric chemistry and damage ozone. To deal with these threats, the Protocol must become a treaty that governs any activity capable of damaging the ozone layer, whether or not the offending substance or activity is on its control list.

The Protocol has run on a chemical treadmill: replacing one refrigerant because of an environmental problem, only to discover another problem with its replacement. It is time to break this treadmill. Long-term direction should be towards technologies that avoid refrigerants wherever possible, and towards natural refrigerants, such as ammonia, carbon dioxide, propane and other hydrocarbons, that are safe across their full environmental life cycle.

Montreal Protocol has focused on the gas that goes

inside the cooling appliance. But the appliance itself matters just as much. Conventional ACs and refrigerators are built on vapour-compression tech, which consumes large amounts of electricity. Over the lifetime of an AC, roughly 70% of its climate impact can come from the electricity it consumes, only about 20-25% comes from the refrigerant.

IEA projects that the world's stock of ACs will more than triple by 2050 and cooling electricity demand will triple as well. UNEP estimates that cooling-related GHG emissions could rise from 4.1bn tonnes in 2022 to 7.2bn tonnes by 2050. These numbers tell us that we need low-energy solutions. Buildings can be designed for passive cooling, and low-energy technologies such as evaporative and hybrid cooling can meet a significant share of demand. Centralised cooling can serve apartment and commercial complexes far more efficiently than millions of individual ACs.

This is where Montreal Protocol must evolve: from a refrigerant-transition treaty into a sustainable-cooling treaty. This means extending the principles that made it successful: follow the science, help developing countries finance the transition, and strengthen the regime as knowledge evolves.

Montreal Protocol saved the ozone layer because it was willing to change as the science changed. Its next test is whether it can change again. The bottom line is that the ozone story should not end with a repaired sky, but polluted water and an overheated planet.

The writer is an environmentalist

Calvin & Hobbes



Kamlesh Tripathi

Wisdom of Indian poet Rahim, titled Khan-i-Khanan, 'Khan of Khans', and Roman emperor and stoic philosopher Marcus Aurelius, though separated by centuries, cultures, and geography, can be beautifully tied together through their shared understanding of human relationships.

Rahim sees 'human relationship' as a delicate thread of love. Whereas Marcus Aurelius sees human beings as branches of one great tree. For Rahim, when the thread breaks, it may be tied again, but the knot remains. For Marcus Aurelius, when a branch is separated from the tree, it may be grafted back,

but it will never be quite the same as a branch that continued to grow in natural unity with the tree.

Both are therefore saying something very profound. We are all well-connected, but the breaking of that connection has consequences not only for the other person but also for your own self. Rahim's popular *doha*, couplet, says:

Rahiman dhaga prem ka, mat todo chatkaay;
Toote se phir na jude,
jude gaanth pari jaay.

Do not break the thread of love abruptly. Once broken, it may be joined again, but the knot will remain. Marcus Aurelius extends this idea from personal

love to society. A person who hates or withdraws from another human being is like a branch cutting itself away from the tree. In separating himself from his neighbour, he unknowingly separates himself from the larger human community.

Both Rahim and Marcus offer wisdom, hope and caution. A broken branch can sometimes be grafted back; and a broken relationship can sometimes be restored. Human beings possess the extraordinary capacity to forgive, reconcile and begin again. But repeated breaks make restoration increasingly difficult. Perhaps the two metaphors can



THE SPEAKING TREE

Sacred space



Nothing, to my way of thinking, is a better proof of a well-ordered mind than a man's ability to stop just where he is and pass some time in his own company.

Seneca

INTERNATIONAL EDITORIALS



OPINION

HM’s visits to Botswana, Angola open new Africa ties



HIS Majesty Sultan Haitham bin Tarik’s state visits to Botswana and Angola mark a significant moment in Oman’s foreign policy. Oman, under His Majesty’s leadership, is deepening its engagement with Africa not as a distant partner, but as a neighbour in the wider Indian Ocean and global economy.

The timing matters. The world is recalibrating trade routes, energy partnerships, and food security alliances in the wake of geopolitical shifts. For Oman, a maritime nation whose history is built on trade, dialogue, and mutual respect, Africa’s southern corridor offers both opportunity and responsibility.

Botswana and Angola represent two different but complementary models of African growth, and His Majesty’s decision to visit both signals that Oman understands that diversity.

In Botswana, Oman finds a partner defined by stability, good governance, and a careful stewardship of natural resources.

Botswana’s success in transforming diamond wealth into education, healthcare, and infrastructure is a story Oman respects. Both nations are relatively small in population, but large in ambition. Both prioritise long-term planning over short-term reaction. The discussions there likely centred on economic diversification, sustainable mining, tourism, and water management — areas where Oman Vision 2040 priorities align closely with Botswana’s development goals.

There is also room for cooperation in

logistics and financial services, leveraging Oman’s ports and Botswana’s position as a gateway to Southern Africa’s common market.

In the same context, Angola presents a different landscape, but no less important. As one of Africa’s leading energy producers and a country undergoing rapid reconstruction and diversification, Angola offers Oman avenues for cooperation in energy, fisheries, agriculture, and infrastructure.

Oman’s experience in managing hydrocarbons responsibly, developing downstream industries, and building ports can be directly relevant to Angola’s next phase of growth. Equally, Angola’s vast agricultural potential speaks to Oman’s interest in food security and resilient supply chains.

There is also a historical thread that should not be overlooked. For centuries, Omani ships connected the Arabian Peninsula to the eastern coast of Africa. That legacy of peaceful trade and cultural exchange provides a foundation of trust. His Majesty’s visits revive that legacy in a modern form — through investment, technology transfer, education exchanges, and joint ventures. The Indian Ocean is once again becoming a bridge, not a barrier.

What can be expected to come from these visits include an expansion of direct trade. Currently, trade volumes between Oman and both Botswana and Angola remain modest. That is an opportunity. Removing barriers, establishing joint business councils, and encouraging the private sectors on both sides to meet will be essential next steps.

Also, cooperation in renewable energy

In choosing Botswana and Angola, Oman has chosen partners for the long term. That is how nations build not just trade, but trust.

and the green economy is expected to grow further. Oman is investing heavily in green hydrogen and renewable projects. Botswana’s solar potential and Angola’s hydropower and offshore wind possibilities create natural complementarities.

There is also a topic of human capital. Scholarships, vocational training, and health cooperation can build the people-to-people ties that sustain government agreements. Oman’s universities and technical institutes have much to offer, and they have much to learn.

Some may ask why these destinations, and why now. The answer is strategic patience. Oman is not chasing headlines. It is building networks. By engaging with Botswana’s model of governance and Angola’s model of post-conflict reconstruction, Oman diversifies its diplomatic portfolio and secures new partners for a multipolar world.

His Majesty’s visit also sends a message at home. Oman Vision 2040 is not just about reforming the domestic economy. It is about positioning Oman as a proactive, outward-looking nation that creates opportunities for its youth beyond our borders. Every new trade route, every joint project, every student exchange is a job, a skill, and a future for an Omani.

His Majesty has once again shown that Omani foreign policy is guided by wisdom, balance, and foresight. In choosing Botswana and Angola, Oman has chosen partners for the long term. That is how nations build not just trade, but trust. And in today’s world, trust is the most valuable currency of all.

BHUTAN BETS ON HAZELNUTS FOR FARMING FUTURE

SARA HUSSEIN

Farmer Pema Dema had never even heard of hazelnuts when she was first recruited to begin growing them on her land in Bhutan’s Thimphu region.

“I wondered what sort of a nut it was,” the 58-year-old said looking out over the deep valley and terraced rice fields that unfold below her farm.

Now she has more than 140 hazelnut trees on the steep slope overlooking her home, and incorporates them into Bhutan’s traditional salted suja tea when guests visit.

Pema is one of thousands of Bhutanese growing hazelnuts as part of a social enterprise hoping to help subsistence farmers develop a high-value crop.

Mountain Hazelnuts began in 2009 as Bhutan’s first 100-per cent foreign direct investment project in the agriculture sector. More than 40 per cent of Bhutan’s workforce is in agriculture, but production remains largely subsistence-based and is complicated by the country’s mountainous terrain.

Steep slopes can be impossible to plough and prone to topsoil washing away in heavy rain. Hazelnuts seemed to offer a solution. They grow well at high altitudes and on mountainsides, require no ploughing and their roots can fix soil in place.

Hazelnuts are also a high-value crop with a growing market, and the trees can produce for decades. That was what attracted Pema, who has been farming for 40 years. “I thought hazelnuts would be better in terms of fetching a better price,” she said. “I hoped that it would benefit us in the future.”

Mountain Hazelnuts distributed its first saplings in 2011, over 145,000 plants to 800 growers. Each recruit’s land was assessed for suitability and to ensure the crop was not displacing anything.

Investors have so far ploughed \$36 million in Mountain Hazelnuts, and for now the company remains reliant on what CEO Sean Watson calls “patient capital”.

It hopes to be “cash flow positive” by 2031, Watson said, and to reach 10,000 metric tonnes of production. That is a long way from the current 30 metric tonnes, but “fruiting is starting to really kick in”, and production is expected to at least double each year, Watson added. — AFP

AI extinction warning sparks global debate

A RECENT post on X turned artificial intelligence from a technical debate into an international public anxiety. Jacob Coxon, a researcher who had worked on pretraining at OpenAI and Anthropic, announced that he was resigning from Anthropic.

He accused both companies of racing toward self-improving superintelligence and ‘gambling with our lives.’ The wider thread warned that advanced AI could kill everyone by the end of the decade. His post received more than 160 million views, spreading far beyond the United States and Europe into the Arabian Gulf, including Oman.

Some details circulating online require correction. Coxon did not claim that he had worked in AI for only a few months. He wrote that he had spent three years conducting pretraining research across OpenAI and Anthropic, although his time at Anthropic appears to have been much shorter than his total industry experience. The claim that humanity will be destroyed by 2030 is also a warning, not an established prediction. Coxon raised a serious possibility, but he did not provide evidence proving that such an outcome will occur.

The post’s extraordinary reach created a second controversy. People were no longer discussing only whether AI might become dangerous. They were also asking why a relatively unknown account had suddenly appeared in feeds around the world.

Elon Musk reacted skeptically, describing the episode as seeming like a setup and later characterising the surrounding campaign as a



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Advanced AI may create dangers involving autonomous weapons, cyberattacks, misinformation, unemployment, surveillance, and the concentration of power

‘psyop.’ His reaction intensified suspicions that the post had been deliberately amplified to frighten the public and prepare it to accept stricter controls over AI and social media.

That suspicion is understandable, but it should not be presented as fact. There is currently no publicly demonstrated proof that X, a government, Anthropic, or another organisation artificially pushed the post.

Social-media virality can result from recommendation systems, reposts by influential accounts, news coverage, and the emotional power of a frightening message.

A warning from someone with experience inside leading AI laboratories contains all the ingredients for explosive attention. The unusual spread deserves scrutiny, but asking who benefited from it is different from proving that someone engineered it.

The debate should therefore avoid two extremes. One extreme treats human extinction as practically guaranteed and encourages panic. The other dismisses every warning

as propaganda and assumes that technological progress will automatically benefit humanity.

A wiser position recognises genuine risks without surrendering to fear. Advanced AI may create dangers involving autonomous weapons, cyberattacks, misinformation, unemployment, surveillance, and the concentration of power. These problems justify public oversight, independent safety research, and transparent rules. However, regulation should protect citizens rather than use fear as an excuse to remove their agency or silence legitimate discussion.

This controversy also raises a deeper question: What do we want AI to do for us? Many people would prefer machines to handle exhausting, repetitive work - cleaning homes, washing dishes, or performing hazardous industrial tasks - while humans retain meaningful and creative activities. Instead, AI is often being developed first to write books, produce images, imitate artists, and make films. This feels backward. Technology should free people from drudgery, not make human imagination seem disposable.

The viral warning matters, but not because it proves that everyone will die by 2030. It matters because it reveals a worldwide crisis of trust: distrust of AI companies, algorithms, governments, billionaires, and even viral information itself.

The responsible response is neither panic nor denial. It is to demand evidence, preserve human choice, regulate proportionately, and direct AI toward work that genuinely improves human life.

Let’s talk climate and act together



LAKSHMI KOTHANETH

The writer is a senior editor of Observer

IMAGINE A HALL full of climate experts and decision-makers! We have been hearing about climate change, and here we are in Oman with experts and speakers from 50 countries at Oman Climate Week organised by the Environment Authority.

Oman is building a serious and increasingly feasible climate agenda, said Mukhtar Babayev, president of COP29 and representative of the president of the Republic of Azerbaijan for Climate Affairs.

He explained that the drought is no longer simply a drought when it affects food production, electricity generation, migration and livelihoods.

A flood is not simply a flood when it damages infrastructure, interrupts the supply chain and creates new public health risks. It is important we hear what the experts have to say and incorporate it into our day-to-day conversations.

And this is why: Dr Roberta Boscolo, Lead for Climate and Energy at the World Meteorological Organization, affirmed that the latest climate data confirms the continued warming of the planet and oceans, as well as rising sea levels and melting glaciers.

Haven’t there been so many occasions when you wished you had known it earlier? The world would know how to manage better if there was an early warning for natural

disasters. But most of the time nature has had the last laugh. Of course, meteorology has advanced so much more, but a melting glacier still shocked the world when disaster hit Nepal.

If prevention is what we are striving for, it is also our duty to contribute to the journey of crisis management to recovery. According to Astrid Schomaker, Executive Secretary of the Convention on Biological Diversity, there is a close interlinkage between climate change and biodiversity loss, emphasising that ecosystems serve as one of the most vital natural lines of defence against the impacts of climate change.

So can you and I as individuals help prevent climate change by reducing greenhouse-gas emissions? Let us think together. Here are some effective actions we came across.

Let us begin with using energy efficiently by turning off unused lights. Let us not wait for Earth Day to take this action. You and I can take this action now. With this action we will be using energy efficiently.

We save energy by turning off unused lights and appliances, use energy-efficient bulbs and appliances, and reduce unnecessary air-conditioning. The last one is a bit challenging for us, especially in summer.

Choosing cleaner transport is another action we can all take. Walk, cycle, use public transport, carpool, or choose an electric/ hybrid vehicle when practical. Carpool is such a practical action that could relieve car

Learn about climate issues, encourage friends and communities to take action, and support policies and ideas that promote climate solutions.

parking stress and ease road traffic.

Now here is a challenge – going easy with shopping. This is an era of fast fashion and online shopping. But the key words are ‘reduce’, ‘reuse’, and ‘recycle’ – we need to buy only what we need and avoid single-use products. Maybe it is a good idea to learn to repair items and recycle materials properly.

Eat more sustainably, say the experts – reduce food waste and consider eating more plant-based foods, while choosing locally and seasonally available foods when possible.

From childhood we are told to conserve water, but are there occasions when we become careless? Fix leaks, take shorter showers, and avoid unnecessary water use, since treating and pumping water requires energy and money, especially for us in Oman as we use desalinated water.

Protect and restore nature – in this regard we have seen so many government and individual initiatives that aim at caring for trees and native plants, protecting green spaces, and supporting conservation efforts.

Make responsible purchases – choose durable, energy-efficient products and support businesses that use sustainable practices.

“Use your voice” – this is an extremely important part of it all. Learn about climate issues, encourage friends and communities to take action, and support policies and ideas that promote climate solutions.

POTENTIAL NEW TUBERCULOSIS VACCINES COULD SAVE MILLIONS

New tuberculosis vaccines expected to become available from 2029 could save over seven million lives over two decades, Gavi said on Monday, but only if sufficient supply is ensured to the countries most in need.

New TB jabs in the pipeline have the potential of becoming the “next blockbuster immunisation tool”, said Sania Nishtar, head of the Gavi global vaccine alliance.

“However, they will only realise their potential if we are able to ensure sufficient, predictable and affordable supply for those countries with the highest disease burden,” she said in a statement.

Tuberculosis, or TB, remains the world’s leading infectious killer, claiming an estimated 1.23 million lives in 2024, according to the latest statistics available from the World Health Organization.

The only vaccine currently licensed to protect against the disease is the Bacille Calmette-Guerin (BCG) vaccine, which is over 100 years old.

Gavi stressed that while that vaccine is effective in protecting infants and young children against severe forms of the disease, its protection wanes.

The organisation also voiced hope that a number of new vaccines being developed to prevent TB among adolescents and adults could fill the gap.

With the first of the new and promising candidate vaccines expected to secure regulatory approval by the end of the decade, a fresh Gavi analysis also determined that they “could avert up to 7.3 million deaths from 2030 through 2050”.

It also determined that the new vaccines held the potential of “unlocking up to \$135 billion in economic benefits across low- and middle-income countries” by mid-century.

The Gavi analysis however also identified a number of risks that could slow the rollout once licences are secured, including inadequate global and domestic financing, which could limit uptake in countries.

The demand uncertainty could in turn impact manufacturer capacity investments for late-stage candidates, creating supply risk, it warned.

Gavi, which brings together government and private donors to help developing countries acquire immunisations for key diseases at affordable prices, said it was working to en-sure sufficient and affordable supply of the vaccines as soon as they are licensed.

It also said that it would push for widespread uptake through routine immunisation, and would “encourage a competitive and geographically diverse pipeline of novel TB vaccine candidates”.

“In order to help countries secure doses in the volumes they need, we are beginning to work with partners now to lay the groundwork for timely access when these vaccines become available,” Nishtar said. — AFP

Artificial intelligence could slow governments



SAMI MAHROUM SAMI

The author is, Founder and CEO of Spark X, previously held posts at INSEAD, the OECD, and Nesta

workers when, in practice, it changes the nature of the work and often creates more of it.

Human oversight, however, cannot be scaled as easily. The European Union’s AI Act requires high-risk systems to be designed so that “natural persons” can effectively oversee them. EU data protection law also gives individuals the right not to be subject to decisions based solely on automated processing.

Nor can companies and organisations satisfy these requirements by putting a human at the end of the process. In its 2023 SCHUFA ruling, which concerned automated credit ratings, the European Court of Justice held that what matters is whether the final decision depends on the automated assessment, even if a human formally retains decision-making authority. A signature that merely ratifies an automated decision does not amount to meaningful oversight.

Put these two forces together, and a bottleneck emerges. Everything upstream of the responsible person—search, sorting, drafting, checking, routing—gets faster, while the person does not. The deluge of AI-generated content boosts demand for human judgement, but the rate at which decisions can be made remains unchanged.

A recent engineering study illustrates the problem. Modelling nuclear reactor licensing, the authors compared today’s manual process with two automated alternatives. They found that the projected timeline even for the more integrated automated systems—roughly 15 months—did not change even as the assumed capabilities of AI improved from conservative to optimistic. The bottleneck was the queue of senior reviewers responsible for final approvals on the most complex cases, who could complete only about three a day. Making the machines twice as capable, in other words, would do little to speed up the review process.

Governments have so far used AI for searching documents, summarising cases, sorting comments, and drafting correspondence. These are natural

The more work AI models can process, the more they leave for humans to decide. Unless governments account for this imbalance, they may discover that they have automated everything but gained little

tasks for AI because they can be automated without delegating consequential decisions to machines. But when decision-making capacity does not expand at the same rate, automation merely shifts the bottleneck rather than removing it, potentially even making it worse.

The alternative is not to let machines decide, which the law prohibits in certain cases and which is generally unwise, but to use them to reduce the cognitive burden of reaching a decision while leaving the judgement itself to a human.

British psychologist Alan Baddeley’s model of working memory offers a useful way to think about this.

Some parts of our working memory hold and process verbal and visual information, while another part, which Baddeley calls “the central executive,” directs and allocates our limited attention. AI can already read, organise, compare, and present information, but deciding what deserves attention and exercising judgement remain distinctly human functions.

The goal of AI adoption, then, should be to make it easier for public officials to make decisions by developing tools that identify trade-offs and uncertainties, present competing arguments fairly, and acknowledge their own limitations. Alas, such a system is harder to build than a summarisation tool and makes for a less impressive sales pitch, since its output would look more like better briefs than an excuse to eliminate entire departments.

This problem is not new. In 1983, cognitive psychologist Lisanne Bainbridge warned of the “ironies of automation”: as machines take the easier cases, humans are left with the difficult ones. While Bainbridge was writing about industrial process-control systems, the same logic applies to AI.

Government agencies measure applications processed, cases closed, response times, and, increasingly, tasks automated. They don’t measure how much more decision-makers are being asked to handle.

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The Takaichi administration's high-stakes growth gamble

Tokyo is pursuing economic security by linking fiscal spending to private investment

Goeconomic Briefing

KAZUTO SUZUKI
CONTRIBUTING WRITER

One of the great challenges of long-term economic planning in a democracy is the election cycle. The political competition that gives democracy its strength can also make it difficult to sustain policy over decades.

Japan's new growth strategy, the centerpiece of the Takaichi administration's economic and industrial policy, looks ahead to fiscal 2040. It will have to survive multiple administrations to achieve its central goal: strengthening Japan's economy and national security. Its ambitions therefore warrant examination from an economic security perspective.

The growth strategy designates 17 strategic sectors, including semiconductors, AI and defense. Within those sectors, it identifies 62 priority technologies and products. For each, it sets out a public-private investment roadmap covering current conditions and challenges, pathways to success, targets, necessary measures and required budgets. It also identifies eight cross-cutting areas, including technological capability and human-resource development.

At first glance, the strategy may look like a collection of requests from individual ministries. But it contains several distinctive and compelling features.

First, it distinguishes between "crisis-management investment" and "growth investment." The former is intended to strengthen resilience against Japan's vulnerabilities and risks; the latter is intended to develop industries on which other countries will come to depend. In other words, the strategy seeks to strengthen strategic autonomy through crisis-management investment and strategic indispensability through growth investment.

Second, AI and semiconductors occupy a central position, but the goal is not simply to promote those industries. The strategy aims to use AI to upgrade the other 16 sectors and the eight cross-cutting areas, revitalizing Japanese industry as a whole.

Some sectors, such as shipbuilding, ports and logistics, are not high-growth industries. But that is precisely why they may have significant room to regain competitiveness



Prime Minister Sanae Takaichi and Finance Minister Satsuki Katayama attend a budget committee session at the Upper House of parliament in Tokyo in April. BLOOMBERG

through AI-enabled systems and physical AI that can ease difficult working conditions. Those upgraded industries could then be exported as packages of smart systems and equipment, contributing to Japan's strategic indispensability.

Third, the 17 sectors span different stages of technological development. Quantum communications and fusion energy remain in the research and development stage. Unmanned aerial vehicles and next-generation solar cells, including perovskites, are in demonstration. Port cargo-handling machinery and satellites are moving toward commercialization and mass production. By bringing technologies at different stages together, the strategy seeks to create a long enough time horizon to sustain continuous growth.

Auto industry?

Some may find it surprising that automobiles, the backbone of Japanese manufacturing, are not among the 17 strategic

sectors. From an economic security and growth perspective, however, that decision is significant.

The automobile industry already attracts substantial private investment, suggesting that the government does not need to intervene through fiscal spending in the same way it does in other sectors. China, by contrast, has promoted electric vehicles through government policy and facilitated autonomous-driving demonstrations through regulatory changes. Regulatory reform, however, is not a central feature of Japan's growth strategy.

Automobiles also do not fit neatly into the strategy's logic of autonomy and indispensability. Japan clearly needs to develop technologies such as autonomous driving and consider whether it can maintain independent capabilities in them. But automobiles are subject to intense international competition, making strategic indispensability difficult to establish. Japan is also not

heavily dependent on other countries for automobiles. These factors likely explain their exclusion.

Autonomy

Economic security is often presented as a trade-off with economic efficiency. Governments want to avoid dependence on particular countries, while companies seeking efficiency naturally concentrate procurement among the most competitive suppliers. Governments have responded by building stockpiles and encouraging supply-chain diversification.

The growth strategy proposes a different approach: Use public-private investment roadmaps and fiscal incentives to strengthen autonomy and indispensability in strategic sectors.

The defense industry illustrates the approach. The government is funding research and development while expanding procurement through higher defense

spending and easing export constraints by replacing the five categories under the Three Principles on Transfer of Defense Equipment and Technology. By signaling the scale of future government procurement, it can increase predictability, expand potential markets and reduce uncertainty for private investment in production capacity.

Shipbuilding provides another example. The roadmap calls for support for highly profitable LNG carriers while encouraging restructuring in an industry that contains many small and midsize companies by international standards. The objective is to induce private investment and improve competitiveness.

In this sense, the growth strategy uses fiscal spending as leverage to revitalize industries, strengthen sector-wide autonomy and encourage greater strategic indispensability through private investment.

Challenges

The strategy, however, is not guaranteed to succeed.

The first challenge is continuity. The strategy was developed under Prime Minister Sanae Takaichi's leadership, but it remains unclear whether it will survive Cabinet reshuffles or changes of government. It looks ahead to fiscal 2040, meaning multiple administrations are likely to inherit responsibility for carrying it forward.

China offers a stark contrast. Its authoritarian political system allows industrial policy to continue even when profitability is secondary. In democratic Japan, sustaining a strategy over decades will require broad public debate and support.

The second challenge is fiscal capacity. The strategy depends heavily on government spending at a time when Japan already carries a large public debt burden and long-term government bond yields are rising.

Materials presented to the growth strategy Council estimate that, if the strategy succeeds, the ratio of public debt and related liabilities to gross domestic product could decline from more than 190% today to about 170% by fiscal 2040. If the strategy fails and the status quo continues, the ratio could approach 200%.

The growth strategy's ultimate purpose is to strengthen Japan's national power. Its two central ideas — mobilizing private capital through proactive fiscal spending and strengthening autonomy and indispensability through crisis-management and growth investment — are therefore closely connected.

If they succeed, Japan could use public spending to mobilize private investment, rebuild industrial capacity and reduce strategic vulnerabilities. If they fail, Japan could be left with a heavier debt burden without having achieved greater national strength.

From the standpoint of economic security and fiscal policy, the growth strategy is thus a high-risk experiment in national survival. In a world where economic interdependence has increasingly become a source of strategic vulnerability, Japan appears to have few alternatives but to pursue it — while accepting substantial fiscal and political risk.

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The world Sept. 11 set in motion remains broken

NOAH FELDMAN
BLOOMBERG

At 8:46 a.m. on Sept. 11, 2001, I was on a plane somewhere over Connecticut. I was flying from Logan to LaGuardia, on my way from my home near Boston to teach my second week of class as a baby professor at New York University Law School, when the pilot told us we were going into a holding pattern because a plane had just hit the World Trade Center.

I did not know it then, but my career would be shaped by the events and aftermath of that day. Half of the books I've written are about the Middle East and the trajectories of war, terrorism and democracy there. The other half have focused on the U.S. constitutional system, especially its protections of speech and civil liberties, both of which have been deeply inflected by the war on terror. As for my teaching, my current students take for granted a broken world that, in many ways, began that day.

When I was applying for law-school teaching jobs the year before, no one had shown the slightest interest in the Islamic studies doctorate I had earned before law school. Suddenly things were different. The dean of NYU's law school took me uptown to meet Bill Clinton at his foundation offices, introducing me as the faculty member who would organize an international conference with the former president. My mentor from

Yale Law School told me I should write a book on Islam, democracy and what might happen next. He introduced me to an agent, who introduced me to an editor, who agreed to publish the book.

In my books about the Middle East, I argued for the U.S. to change its policies in the region: away from supporting dictators and toward allowing democratic experiments by movements that saw Islam and democracy as compatible. I wrote about what we owed Iraq after our invasion; about the moving efforts of Islamic democrats in the aftermath of the Arab Spring; and about the tragedies of the Syrian civil war and of Egypt's semicollective decision to abandon democracy after a very brief experiment.

The arc was one of hopeful beginnings and ultimate failure. I continue to believe that the deep problem for constitutional governance in the Middle East is not Islam itself, but rather the broken systems associated with oil monarchies and military dictatorships. But I am certainly chastened, as are many Arabs who hoped that they could improve their own lives through democratic self-determination.

Meanwhile, over the last quarter century, the U.S. has seen an extraordinary increase in presidential power and a corresponding decrease in privacy and other constitutional rights. These trends started immediately after Sept. 11, when the George W. Bush administration launched the war on ter-

ror abroad and asserted unprecedented authority to surveil at home. Like other liberal constitutional law professors, I argued strenuously against the administration's detention policies at Guantanamo Bay and elsewhere. When Barack Obama, himself a former constitutional law teacher, became president, his administration proved unable to close Guantanamo. Then the Obama administration embraced the use of drone strikes, including against U.S. citizens abroad, replacing the Bush administration's detention strategy with something much more lethal.

At least Bush and Obama's expansions of presidential power were undertaken in the name of national security. President Donald Trump's constitutional overreach has been mostly devoted to self-aggrandizement. The war in Iran, launched without congressional authority and still continuing, has mostly been criticized for its stupidity rather than its unconstitutionality — a sign of how much we seem to have given up on the constitutional design that requires congressional authorization for prolonged hostilities abroad.

My job as a constitutional law professor has turned into a quest to do whatever I can to shore up our constitutional system and the liberties it's designed to protect. The presidents aren't the only ones to blame. The conservative Supreme Court, whose majority was consolidated under Trump,

has launched a constitutional revolution in which, astonishingly, the president is even more powerful than he was before. In what will go down as one of its most incomprehensible decisions, the court declared in 2024 that the president could not be held criminally liable for acts taken in furtherance of his official duties.

Some of my smartest younger constitutional law colleagues on the left have turned against the Supreme Court as an institution. I can well understand their disillusionment with the decisions of the current conservative majority, which I share. But the cold, hard reality is that neither the president nor Congress has any real interest in preserving constitutional rights and norms. The Supreme Court is the only institution in our system capable of standing up for the rule of law, fundamental rights and the separation of powers. Just because it is doing a bad job does not mean we should weaken its powers further.

It's as though those younger colleagues have forgotten the ways the Supreme Court protected and expanded fundamental rights, including rights to equality and liberty. That apparent forgetting of the courts' capacities is a product of the last 25 years of jurisprudence, in which the courts have not only failed to stem rising presidential power but have extended it. Here, too, Sept. 11 is in the background.

A good number of my law students this



Emergency rescue crews work through smoke, debris and collapsing structures in the chaotic aftermath of the Sept. 11, 2001, hijacked-plane attacks on the World Trade Center in New York. JUSTIN LANE / THE NEW YORK TIMES

fall were not yet born when I started teaching, the week before the towers fell. To them, our constitutional mess is business as usual and the broken politics of the Middle East are an immemorial legacy. But their world has been profoundly shaped by the Sept. 11 attacks and the U.S. reaction at home and abroad.

The last quarter-century has been a time of American experimentation and failure. The way to stave off decline, which Osama

Bin Laden surely hoped for, is to gradually rebuild American institutions. That, in turn, demands not only strength and bravery, but also optimism about what we can accomplish.

Noah Feldman is a Bloomberg Opinion columnist. A professor of law at Harvard University, he is author, most recently, of "To Be a Jew Today: A New Guide to God, Israel, and the Jewish People."

The right way to regulate artificial intelligence

Calls grow for independent public oversight of the AI frontier

GABRIELA RAMOS
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U.S. President Donald Trump's decision earlier this year to put Treasury Secretary Scott Bessent in charge of implementing his executive order on AI oversight marked what initially appeared to be a significant shift in America's approach to tech governance.

Such a change was unlikely to come from the AI industry or sectoral regulators, both of which remain wedded to the familiar narrative that regulation stifles innovation and that the overriding policy priority is to beat China by developing the world's most advanced AI models—including, ultimately, superintelligence.

While Bessent shares the administration's determination to defeat China, placing the Treasury Department at the center of AI oversight in the United States brought a welcome institutional perspective. Seen through the lenses of national security, cybersecurity, financial stability and critical infrastructure, AI calls for a very different regulatory philosophy from the hands-off, free-market approach that has otherwise defined Trump's AI policy.

The clearest sign of that potential shift was Bessent's recent proposal to create a new regulatory body modeled on the Financial Industry Regulatory Authority (FINRA)—an industry-funded self-regulatory organization that supervises broker-dealers under a framework authorized by Congress and overseen by the Securities and Exchange Commission. While the proposal gained rapid momentum over the summer, it has since stalled in the West Wing amid intense pushback from tech leaders.

The good news is that, for the first time, a U.S. administration seriously considered a dedicated body to protect the public interest by evaluating frontier AI models before they are released. The problem is that the proposed agency is modeled on FINRA, which is governed and funded by the very industry it regulates. It is hardly surprising, then, that Google DeepMind CEO Demis Hassabis actively advocated this approach.

Beyond the obvious conflict of interest, however, this model has a more fundamental flaw: it is not designed to detect systemic risk. That weakness was laid bare during the 2008 global financial crisis, which is estimated to have cost the U.S. economy \$22 trillion and prompted the Dodd-Frank reforms, including the creation of the Financial Stability Oversight Council.

A FINRA-style model is ill-suited to AI oversight. Instead, governments should build their own AI expertise, drawing on the public oversight mechanisms introduced after the emergence of generative AI. One such measure was former U.S. President Joe Biden's executive order requiring developers of frontier AI models to share the results of their safety tests with the federal government before release. That same year, U.K. Prime Minister Rishi Sunak launched the AI



Safety Summit, commissioned the inaugural International AI Safety Report and paved the way for the establishment of the AI Safety Institutes.

Following the unveiling of Anthropic's Mythos—the most powerful frontier model to date—Trump issued his own executive order. But because the White House has held back on codifying Bessent's FINRA framework, pre-release evaluation remains entirely voluntary. That creates a profound imbalance: Today's increasingly powerful AI systems require independent public institutions with the expertise and authority to oversee them, and the current, deadlocked approach provides neither.

The same asymmetry is evident in how governments approach AI risks. They tend to treat AI primarily as a national-security challenge, while devoting far fewer resources to addressing its effects on employment, health care, education and other aspects of everyday life. Even the European Union's AI Act, despite requiring assessments of such societal risks, places greater emphasis on cybersecurity.

One notable exception is the growing recognition of the risks AI poses to children online, which has led to legislative and judi-

cial action in many countries, including the U.S. But its broader societal consequences—such as its effects on cognitive development, women's economic opportunities and privacy—have yet to prompt a coherent strategic response.

These skewed priorities can be traced to the framing of AI development as a geopolitical race. But technological leadership means little if it comes at the expense of workers' health, social resilience and people's ability to lead meaningful lives. A country that develops the world's most capable AI models while leaving its workforce deskilled and its public discourse polluted by misinformation has not won anything worth winning.

Addressing these societal challenges is not at odds with competitiveness. On the contrary, it is essential to both competitiveness and national security. Ultimately, what determines success in the age of AI is not just the capabilities of a country's frontier models, but also the strength of the institutions that protect its citizens' welfare: schools and universities, health and social care and an independent judiciary.

Yet those are precisely the institutions struggling to keep pace with technological

change. In education and labor markets, the OECD has found that AI's benefits are accruing unevenly, reinforcing existing inequalities: Students who are already advantaged are better positioned to benefit from AI-powered learning, while skilled workers adapt more easily than those with fewer qualifications.

Similar trends can be seen in health care, social welfare and the justice system. As decision-making is delegated to AI at scale, mistakes become harder to challenge, especially for those least able to do so. An AI-hallucination database maintained by Damien Charlotin of HEC Paris has documented more than 1,800 cases worldwide in which judges identified fabricated AI-generated material, often submitted by self-represented litigants who could not afford legal counsel.

The implications for judicial integrity are far-reaching. Courts depend on the ability to verify facts and evidence, but AI is making that task increasingly difficult, with the burden falling disproportionately on those already at a disadvantage. For example, India's Supreme Court recently set aside two tribunal rulings based on nonexistent case law, warning that reliance on unverified AI-generated precedents "subverts the rule of law".

To be sure, many of AI's societal effects cannot be evaluated before deployment in the same way as cybersecurity risks. But that is all the more reason for continuous public oversight.

Instead of another industry-run agency or the current policy paralysis, what the U.S. and other countries need is the AI equivalent of the Financial Stability Oversight Council: a regulatory body charged with identifying systemic risks to education, health, labor markets and the judiciary. We have already established such bodies to safeguard financial stability and national security. It is time to do the same for the institutions on which society depends.

Gabriela Ramos, co-chair of the Task Force on Inequalities and Social-Related Financial Disclosures, is a former assistant director-general for social and human sciences at UNESCO and a former OECD chief of staff and sherpa to the Group of 20, Group of Seven and APEC. Emilija Stojmenova Duh, associate professor of electrical engineering at the University of Ljubljana and a former minister of digital transformation of Slovenia. © Project Syndicate, 2026

U.S. Treasury Secretary Scott Bessent attends a Cabinet meeting at Camp David, Maryland, on July 31. Donald Trump's move to elevate the Treasury secretary to a central role in AI governance signaled an attempt to shift U.S. oversight of the technology. AFP-JJII

Nepal takes its floods to the U.N.—and asks who will pay

BRABIM KARKI
CONTRIBUTING WRITER

Nepal's recent catastrophic floods, which have killed more than 1,340 people and left nearly 5,000 missing, according to the country's disaster management agency, could change the way the world confronts the mounting climate-driven losses of developing nations.

Later this month, Nepal's Prime Minister Balendra Shah will make his first foreign trip six months after taking office, traveling to New York to lead a small delegation to the 81st session of the United Nations General Assembly. He will seek climate justice for Nepal and international support following the disaster along the Nepal-China border. Shah is scheduled to speak during the U.N. General Assembly's general debate on Sept. 24.

The floods struck Aug. 26, when a mass of water, mud and ice broke loose near the Nepal-China border and swept through villages, devastating homes, infrastructure and the people who lived and were visiting there. Nepal observed a national day of mourning 13 days after the disaster.

On the Chinese side, authorities there reported 43 dead and 519 missing at the time of this writing. Rescue teams have continued pulling survivors from the wreckage in recent days, including a Chinese man freed

from a tunnel at a hydropower plant and a 64-year-old Nepali woman recovered from the top floor of a mud-buried building.

Japan has its own stake in the recovery effort. Five Japanese nationals remain unaccounted for and Foreign Minister Toshimitsu Motegi pressed Nepal's foreign minister, Shisir Khanal, in a phone call to intensify the search for them. Tokyo has since sent blankets, tents and other relief supplies through the Japanese Embassy in Kathmandu, and Japanese forensic specialists are working alongside teams from India, China, Singapore and South Korea to identify recovered remains.

Khanal had originally been expected to lead Nepal's delegation to the U.N. General Assembly, but in the wake of one of the deadliest disasters in the country's recent history, the government reconsidered and Shah opted to lead it himself. The Prime Minister's Office has instructed the Foreign Ministry to keep the delegation small.

disasters in the country's recent history, the government reconsidered and Shah opted to lead it himself. The Prime Minister's Office has instructed the Foreign Ministry to keep the delegation small.

Nepal's Finance Ministry has already written to the U.N.'s Fund for Responding to Loss and Damage, requesting emergency financial assistance. The ministry is framing it as a special request because the fund's board does not ordinarily consider losses of this scale on its December agenda. The ministry has also argued that Nepal is absorbing outsized damage despite contributing very little to global carbon emissions.

Experts have attributed the flooding to a massive rockslide in the Himalayas, a hazard that climate change is making more frequent as the region warms. Nepal has more than 2,000 glacial lakes, 21 of which have been flagged as potentially dangerous given their physical characteristics and the populations living downstream.

Nepal accounts for roughly 0.1% of global greenhouse gas emissions. The question its delegation intends to put to the General Assembly is whether the nations responsible for the bulk of that pollution owe anything to communities now absorbing its consequences.

The Loss and Damage Fund was created to help developing nations cope with climate-driven losses, but it remains underfunded, in large part because the United States and other wealthy donors have been reluctant to contribute. Pledges to the fund have totaled roughly \$768 million since its creation, and the board has approved only a \$250 million

pilot package to cover claims through 2026, with individual grants capped at \$20 million.

Independent estimates put the annual cost of loss and damage in developing countries at \$400 billion to \$580 billion by the end of the decade, rising toward \$1 trillion once noneconomic losses are factored in. The fund holds well under one-tenth of 1% of what is actually needed in a given year. Washington's withdrawal of its own \$17.5 million pledge earlier this year has not helped and other wealthy donors are said to be watching that retreat closely.

Nepal's own government bears some responsibility as well. Hydropower plants were built directly in the path of volatile glacial rivers without adequate early-warning systems, and questions are already surfacing in Kathmandu over whether disaster preparedness kept pace with the country's infrastructure ambitions.

Critics will say Nepal is asking foreign capitals to underwrite its own planning failures. But domestic mismanagement does not settle the separate question of whether nations responsible for the overwhelming share of global emissions owe something to communities now living with the physical loss.

None of this guarantees Nepal will secure the funding it is seeking. Loss-and-damage finance remains chronically thin, and the wealthy nations Shah will address in New York have spent three decades treating cli-



Houses damaged by last month's massive flash floods in the town of Trishuli in Nepal's Nuwakot district on Friday AFP-JJII

mate compensation as a line item to be minimized rather than an obligation to be met. His appearance at the General Assembly will test whether a framework built after Pakistan's 2022 floods and Nepal's own 2024 glacial lake outbursts can hold up under a live crisis of this scale.

The fund itself is barely three years old. Governments agreed to create it at COP27 in 2022, after floods submerged nearly a third of Pakistan and killed more than 1,700 people. It did not become operational until COP29 in Baku two years later,

and its first call for disbursements opened only in December 2025, built around grants for discrete pilot projects rather than a single disaster with a death toll in the thousands.

Whether Nepal's request forces the fund to stretch beyond that design, or simply exposes how far short it still falls, is the question New York will have to answer.

Brabim Karki is an author and businessman based in Nepal. He is the owner of Mero Tribune media.

OPINION

Higher Ed Will Soon Get Patriotic



GLOBAL VIEW
By *Walter Russell Mead*

The return of great-power competition is u p e n d i n g global institutions and re-shaping the world economy. It is also accelerating changes in A m e r i c a n higher education, putting wind in the sails of those wanting reform and undercutting the efforts of those trying to keep college woke.

With the apparent end of history and of serious geopolitical competition in the 1990s, patriotism became an embarrassing relic of earlier times to large chunks of American business. Technology, finance and manufacturing companies operating in what Thomas Friedman called the “flat world” of the post-historical era increasingly saw themselves as citizens of the world rather than American companies with a stake in the success of the American project.

In that kind of world, companies like McKinsey and Google didn’t necessarily want a bunch of superpatriotic American employees. On the contrary, the ability to function in a global and cosmopolitan culture mattered more for corporate and therefore individual success than the depth and degree of an employee’s patriotism or commitment to American civic values and norms.

That world is dying, nowhere more quickly than in the tech industry, where U.S.-

China competition is the name of the game. The idea that software engineers would refuse to work for the Pentagon or only do so under duress might once have been tolerable, but no more. This isn’t only because defense contracts are and will remain important to many Silicon Valley firms. It’s also because the greatest threat to many enterprises is intellectual-property theft by Chinese firms. Tech CEOs losing sleep over IP security want patriotic workers who wouldn’t dream of selling out their country or employer to bad actors overseas.

In finance, the change is coming more slowly, but as banks approach opportunities in China with caution, patriotism is beginning to matter more on Wall Street. It will likely matter more as international frictions increase along with the reputational costs and financial risks associated with business in China. In manufacturing, as Mr. Friedman’s flat world yields to the more rugged landscape of our time and supply-chain security looms larger as a factor in corporate investment, we are likely to see a similar intellectual reshoring of the American elite.

Smart corporate recruiters will be seeking graduates who don’t want to abolish capitalism, globalize the *intifada* or destroy the U.S. Given the rise of antibusiness sentiment among DSA Democrats and MAGA Republicans, firms will increasingly see the value of being perceived by the public as loyal, productive members of Team America.

Despite the sometimes robust evidence to the contrary, college students and universities aren’t unintelligent. When top tech companies, law firms and investment banks wanted global citizens, the elite educational complex churned them out. Now colleges are beginning to respond to changing signals from these employers.

Renewed great-power rivalry will suppress employer demand for ‘citizens of the world.’

Change will likely come from three directions. First, university-based scientific research must take national-security concerns much more seriously. From student recruitment to institutional collaborations over sensitive technologies, American universities will have to think more patriotically or risk massive reputational damage and less federal funding.

Second, as more elite private colleges and universities like Harvard, Yale and Vanderbilt promote greater intellectual diversity and more high-profile public universities establish institutes to study and teach the values of the American founding, more moderate and conservative young people will enter the academy and play a larger role in campus life.

Demand from a changing student population will be the third factor driving change. It’s not just that ambitious,

talented students will want transcripts that appeal to recruiters looking for evidence that future employees understand and value what makes America special. Several elite colleges, alarmed by the intolerance and radicalism of some current students, are tweaking their admissions processes to identify young people who are emotionally mature enough to flourish in an intellectually and politically diverse milieu.

Demography also matters. Through 2041, the number of high-school graduates in the U.S. is expected to decline by 13% from the 2025 level. Between 2023 and 2041, blue states are projected to experience the largest declines (32% in Illinois, 29% in California, 27% in New York) while the South overall is expected to see a 3% increase. Future students and their tuition-paying parents are likely to be more politically moderate than those of the peak-woke era.

For all these reasons, the so-called vibe shift in higher ed is more than a hasty response to pressure from the Trump administration. American colleges and universities are part of the wider society and are affected by broad social trends. In 1970, at the height of the anti-Vietnam War movement, Princeton University responded to those trends and dropped “My Country, ‘Tis of Thee” from its official commencement program. As clouds darken over the international scene, the day may come when Princeton’s trustees, students and alumni want to bring the old song back.

BOOKSHELF | By Andrew Nagorski

Intoxicated By Spycraft

Redwood

By **Ben Macintyre**
Crown, 416 pages, \$35

O n Oct. 1, 1981, Vladimir Kuzichkin, ostensibly a Soviet vice-consul, walked into the British Embassy in Tehran. “I am KGB,” he declared. “I am close to breaking point. I need to defect. I can supply you with important information.”

Fearing that the surprise visitor might be a “dangle”—someone who pretends to switch sides to gain a foothold in the enemy camp—his hosts were wary at first. But Ian McCredie, MI6’s undercover agent in the embassy, quickly concluded that the Russian was a genuine defector with access to invaluable intelligence about KGB operations in Iran.

Kuzichkin was in his early 30s, a hulking 6-foot-4-inches tall, and capable of downing countless vodkas while flawlessly carrying out hazardous missions. In short, he was the kind of macho figure his KGB employers favored. Nonetheless, he claimed that he had become disillusioned by the rampant corruption, cynicism and brutality of his KGB colleagues and the Soviet system as a whole.

He also harbored an embarrassing secret. “I have no power in bedroom,” he told Mr. McCredie. His alcoholism and the stress of a job he had come to hate only exacerbated the problem. Convinced of the superiority of Western medicine, even in the pre-Viagra era, he pleaded for MI6 to offer a cure for his impotence.

Mr. McCredie was not about to contradict him, and provided him with some pills. Those proved to be ineffective, but by then Kuzichkin—whom the British code-named “Redwood”

because of his height—was already delivering a trove of secrets while still holding on to his KGB job.

Based on interviews with Mr. McCredie and his MI6 colleagues, along with former CIA and KGB officers, and Kuzichkin’s own book, “Inside the KGB” (1990), Ben Macintyre’s “Redwood” tells the story of “the Cold War’s most extraordinary spy.” Mr. Macintyre, whose books include “The Spy and the Traitor” (2018) and “Agent Sonya” (2020), has produced an artfully constructed nonfiction equivalent to one of John le Carré’s most accomplished novels. Its setting, in the early days of Iran’s Islamic Republic, is replete with eerie echoes for today. Lying, for Iranians, was “almost divinely blessed” if it was considered to be “for a good cause,” Mr. McCredie explained. Most Westerners who have negotiated with the mullahs would readily agree.

Mr. Macintyre traces the lives of the two young spies. Kuzichkin and Mr. McCredie followed similar paths on opposite sides of the ideological divide, only to forge a partnership that, the author argues, could have altered the course of history. The products of similar training programs, both men were Persian speakers adept at shaking off Iranian surveillance teams in the labyrinth of Tehran’s backstreets and alleyways.

But while Mr. McCredie’s masters provided him with vague guidance about his duties, Kuzichkin received specific instructions that went beyond his normal remit of running “illegals”—as undercover spies were called. Leonid Shebarshin, Kuzichkin’s KGB boss in the Soviet Embassy, informed him that he was to serve as the link between Moscow and the Tudeh, Iran’s communist party, which had survived the early crackdowns of Ayatollah Khomeini’s regime by praising its “progressive” anti-imperialist policies. At the same time, the Tudeh had set up an underground military network with access to hidden weapons.

“The Soviet leadership has decided to use the Tudeh Party as a Trojan Horse,” Shebarshin explained. By funneling money to the party’s leaders, Kuzichkin would lay the groundwork for the kind of communist takeover that the Kremlin had engineered during its invasion of Afghanistan in late 1979. But Kuzichkin was convinced that, as in Afghanistan, this was a fool’s errand. Nevertheless, “it was pointless to argue,” he concluded. “I had to carry out the order.”

Vladimir Kuzichkin, who betrayed the KGB to assist the West, was capable of downing vodkas while carrying out hazardous missions.

As Mr. Macintyre writes, a Soviet-backed coup in Iran was “the long-standing nightmare feared by Western intelligence.” For all their problems with the Islamic radicals, American and British policymakers still viewed the country through the prism of the Cold War—as did their counterparts in the Kremlin.

As they continued to gather intelligence from Kuzichkin, Mr. McCredie and his superiors knew that they had to be extremely cautious. Any precipitous use of Kuzichkin’s revelations could expose his duplicity. But by the spring of 1982, the Russian was cracking under the strain of his double life, drinking more heavily despite his awareness that a minor slip could spell his doom. He pleaded with Mr. McCredie for an escape plan.

The British spy provided him with fake documents, but it was still up to Kuzichkin to navigate a perilous overland exit from Iran that would take him out of the KGB’s reach. Despite close calls worthy of an action movie, he succeeded. Once he was safely in Britain, MI6 shared his intelligence with the CIA, spelling out the full extent of the KGB’s Iranian ambitions.

The CIA’s director, William Casey, and his team needed little convincing by their MI6 counterparts to jointly act on Kuzichken’s information. They knew, as one British official admitted, that the Iranian communists would meet “very grisly ends” if the ayatollah learned of their plans. But that did not stop MI6 from dispatching Kuzichkin to Islamabad, in Pakistan, to meet the Iranian regime’s emissaries, revealing everything.

The predictable result: Tudeh leaders were imprisoned, tortured and executed, ending any possibility of a communist coup. But if London or Washington expected any gratitude from the regime, they were sorely mistaken. “The eradication of the Tudeh made the Ayatollah stronger,” Mr. Macintyre writes, “helping to reinforce a totalitarian religious dictatorship that has terrorized its people and destabilized the world ever since.”

Kuzichken, who remained in Britain under an assumed name, expressed regret over the bloodshed, although he was not surprised. He eventually fathered a child with a new wife, but that marriage collapsed. In 2009, at the age of 62, he died of a heart attack while watching television, an empty bottle of vodka by his side.

Mr. Nagorski is the author of “Saving Freud: The Rescuers Who Brought Him to Freedom.”



MAIN STREET
By *William McGurn*

much more than that.

Virginia illustrates how things have changed since the Supreme Court’s 2022 decision in *Dobbs v. Jackson Women’s Health Organization*. That decision took abortion law out of the federal courts and returned it to the states and the people, acting at the ballot box and through their elected representatives.

So far there have been few polls on the Virginia amendment. But the Richmond Times-Dispatch reported earlier this month that the committee campaigning for passage raised \$3 million through August—more than 10 times the \$254,000 four pro-life groups raised in opposition.

But whether or not the amendment is approved, the vote itself is a step forward. Abortion is no longer a constitutional right. And that holds out hope for a more honest politics.

Pro-lifers fought long and hard to overturn *Roe v. Wade*, the 1973 decision that found a

constitutional right to abortion somehow not mentioned in the Constitution. Contrary to what many foes of *Dobbs* claimed, that case was never about banning abortion. There was no guarantee a post-*Roe* America would be more pro-life. As we see in Virginia now, *Dobbs* could lead to more-liberal abortion laws—if that’s what voters want.

That isn’t what we heard when *Dobbs* was being decided. If *Roe* were overturned, its defenders warned, America would be thrown into a new dark age of back-alley abortions. And yet Virginia, a Southern state, looks poised to enshrine abortion protections in its constitution.

Dobbs has ensured that Virginia’s abortion law is decided by Virginians at the ballot box. That’s in contrast to the *Roe* era, when the voter was irrelevant and outcomes were left to federal judges writing their own preferences in abortion rulings.

Currently in Virginia, abortion is legal through 26 weeks and six days of pregnancy. In the third trimester, it’s banned unless three doctors certify that the woman’s life or her mental or physical health is in danger. Patients under 18 need the consent of a parent or guardian.

Ed Whelan of the Ethics and Public Policy Center wrote about the proposed amend-

ment in National Review under the headline “Virginia’s Amendment 1 Is Extreme and Deceptive.”

He sums up what the amendment would do, arguing that it goes far beyond codifying the status quo. Mr. Whelan writes that the amendment would “make abortion freely available throughout the third trimester of pregnancy, all the way up to birth; abolish the right of parents to be consulted on, and to consent to, abortions sought by their young daughters; and enable anyone to perform an abortion and to escape legal responsibility for botching an abortion.”

Mr. Whelan wrote that it would also “enable a child, without her parents’ knowledge or consent, to receive puberty blockers, cross-sex hormones, and sterilization surgery.”

Needless to say, this view isn’t getting much play in the press, something abortion advocates are counting on to prevail. “Governor [Abigail] Spanberger and her pro-abortion allies are trying to fool Vir-

ginia’s voters into entrenching in the state constitution a radical abortion regime,” Mr. Whelan writes.

Virginia sits in an odd place on the abortion political spectrum. It’s the only Southern state that hasn’t passed an abortion ban post-*Dobbs*. Its law might be considered moderate compared with other blue states and liberal when compared with its Southern neighbors. This November will tell us whether the status quo continues—or whether Virginia’s abortion law will become much more aligned with the bluest states.

“*Dobbs* opened the door for pro-life protections—but it didn’t guarantee them,” says Michael New, a professor at Catholic University and a senior associate scholar at the Charlotte Lozier Institute. “Right now 13 states have abortion bans in place, four other states protect the pre-born after six weeks’ gestation, and about three other states have later gestational limits in place.”

“Pro-lifers have always known that changing laws alone will not do it,” he says. “Ultimately there’s no alternative to doing the difficult work of changing hearts and minds. But this is something that would have been impossible under the *Roe* and *Casey* regime.”

Write to mcgurn@wsj.com.

France Supports a Two-State Solution

By **Jean-Noël Barrot**

I t’s been a year since 142 nations voted at the United Nations General Assembly to endorse the New York Declaration on the Peaceful Settlement of the Question of Palestine and the Implementation of the Two-State Solution. This was an unprecedented move to save the two-state solution and revive a credible path to peace following the Oct. 7, 2023, terrorist attacks—the worst antisemitic massacre since the Holocaust—and the war that destroyed Gaza.

Thanks to French-Saudi efforts, this declaration was the first U.N.-endorsed text to condemn the attacks of Oct. 7, call for an immediate end to the war in Gaza and the release of all hostages, and call for Hamas to disarm and end its rule over Gaza. It set a clear path for the regional integration of Israel and secured key commitments from the Palestinian Authority on reforms and elections.

One year later the full-blown war has ended in Gaza,

the last Hamas hostages have been released, and some—insufficient—humanitarian aid has entered the enclave. But Gaza remains a catastrophe beyond description. In the West Bank, settlements are expanding at a dangerous pace, making de facto annexation a reality worsened by outrageous settler violence against Palestinians.

Without democracy for the Palestinians, we won’t have peace in the Middle East.

That is why France has acted. We recognized the state of Palestine in September 2025 and decided to ban products from illegal Israeli settlements this month.

These measures aren’t hostile acts toward Israel. We will continue to defend Israel’s right to security and self-defense. We will relentlessly fight antisemitism, a plague with no justification. Holding

Jews collectively responsible for the actions of the state of Israel is antisemitism.

On the contrary, these measures reflect our conviction that the current path Israel’s government has chosen is threatening its security and the stability of the region. But achieving peace and security isn’t only about Israel. Palestinians must be able to elect leaders whose responsibility will be to fulfill their right to statehood and self-determination.

The Palestinian Authority has announced it will organize legislative elections on Nov. 28 and presidential elections in the first quarter of 2027, in line with the commitment of President Mahmoud Abbas to President Emmanuel Macron and Saudi Crown Prince Mohammed bin Salman a year ago. No candidate can participate unless he commits to the principles of the Palestine Liberation Organization, including the recognition of the right of Israel to exist and the renunciation of armed struggle, which excludes terrorist organizations like Hamas.

Twenty years after the last national vote in Palestine, these elections are vital. Only a rejuvenated Palestinian Authority can represent the Palestinian people on the world stage and negotiate a lasting peace with Israel. The municipal elections held in April in Gaza prove that it is possible. Hundreds of Israeli and Palestinian civil-society leaders gathered in June in Paris to urge such a democratic process be held.

No reshuffle or reform can substitute for the legitimacy and accountability that an election provides. That is the power of democracy.

Anyone concerned about the fate of the Palestinian people and the two-state solution should support the holding of free and fair legislative and presidential elections in Palestine. France, together with its European partners, will take concrete actions to support this process. Let us all dedicate ourselves to that goal. Palestinian elections now.

Mr. Barrot is France’s foreign minister.

REVIEW & OUTLOOK

One Senator’s Plea for Tariff Breaks

Talking up tariffs is a way for Republicans to stay on President Trump’s good side, but in practice those tariffs hurt their constituents. Thus the pleas behind closed doors for exemptions. Step right up, Alabama Sen. Katie Britt.

“What the media won’t tell you is that President Trump’s tariffs work,” Ms. Britt wrote in February, after the Supreme Court rejected Mr. Trump’s “emergency” tariffs. “We are not going to return to the status quo of allowing American jobs and manufacturing to be sidelined in exchange for cheap junk from foreign adversaries.”

What Ms. Britt won’t tell you is that she was privately seeking exemptions 10 months earlier. That’s when her legislative director wrote an email, “Sen. Britt Alabama Trade Priorities,” seeking help for “specific Alabama manufacturers.” We obtained the email from the U.S. Trade Representative’s office via the Freedom of Information Act. The email begins by saying Ms. Britt “is supportive” of rebalancing trade. Then it moves to “four pressing issues,” each a plea for an Alabama company.

- *TNT Fireworks*: “Unfortunately, there is no domestic firework manufacturer, and over 99% of firework products are produced in China,” it says. While TNT has tried other sources, “the quality and safety is not close,” and imported fireworks “pose no threat to America’s broader trade or national security interests.” Also, be patriotic, since TNT was then “preparing for the United States Semiquincentennial.”

- *Novelis*: This aluminum company was “currently building a \$4.1 billion recycling and rolling plant,” expected to “create 1,000 new direct jobs.” At the time, however, it relied on imports from Canada, South Korea and Brazil, and Mr. Trump’s tariffs posed “cash flow problems” to “finish their new plant in Alabama.”

- *Kronospan*: A maker of wood panels, it was “undertaking a \$600 million expansion,” requiring “highly specialized equipment that is not available from domestic manufacturers.” The extra tariff cost? About \$60 million, threatening the project’s viability: “Senator Britt is concerned about the potential loss of this transformative economic development.”
- *Airbus*: The plane maker was “building its

How protectionism works in practice: Public support, but seeking exemptions in private.

third final assembly line” in Mobile, leading to 1,000 jobs. “We’ve recently learned that this expansion has been suspended indefinitely,” the email says. “Trade policy has made the project financially unviable,” and “Senator Britt is deeply concerned about the potential loss of high-quality American jobs.”

In reply, Brett Doyle, an Assistant U.S. Trade Representative, wrote that Ms. Britt’s concerns would be passed to the right office. The emails don’t say what, if anything, happened next. Novelis tells us it “has not received tariff relief,” but its Alabama project “is progressing on schedule.” The other companies didn’t answer inquiries. “USTR this term does not have an exemption process at this time,” the Administration says.

The point isn’t that Ms. Britt made bad arguments against these four tariffs. It’s that she made good ones, which show why blunderbuss trade wars are an economic mistake, along with how tariffs deepen the D.C. swamp. Big company CEOs facing tariff harm know how to get a U.S. Senator to plead their case. But who speaks for the little guy being walloped?

Asked about the USTR email, Ms. Britt’s office pointed to Senate committee hearings where she raised these matters, including the need for “specialized industrial equipment” and “fair treatment” of fireworks. It wasn’t a hard press. She asked Commerce Secretary Howard Lutnick if he would “consider the production needs” of Airbus. He said yes. Ms. Britt: “Yes. OK, great. This is a lot easier than I thought. Excellent. Thank you so much.”

Ms. Britt’s office told us that U.S. leaders for too long “treated globalization as a costless victory,” while the “erosion of our industrial base” made the country vulnerable. “To support Alabama’s manufacturing growth, Senator Britt will continue to advocate for thoughtful policies with the Trump Administration, both in private deliberations and through public hearings.”

Tariffs for thee, exemptions for me. Join the GOP club: In Mr. Trump’s first term, Sen. Josh Hawley lobbied for a carveout on saw blades, Rep. Mark Meadows on furniture wood, Rep. Andy Biggs on patio screens. Who else? When more records arrive, we’ll let you know.

U.S. schools simply aren’t producing enough students with advanced engineering and math skills. A report last year from the University of California, San Diego, found that one in 12 freshmen had math skills below middle-school level.

The teachers’ union response to evidence of learning decline is always to spend more on public schools, but the gusher of federal K-12 spending during the pandemic didn’t improve performance. The PISA report notes that the relationship between a country’s wealth and test scores “is not linear and it flattens among those with relatively higher national incomes.”

Once cumulative spending per student from ages six to 15 exceeds roughly \$85,000 per student—all U.S. states spend more than that—the relationship with student scores begins to “decouple.” “Higher spending per student does not automatically relate to higher performance scores,” the report says. Maybe because more spending rewards education failure, rather than success.

doesn’t tell anybody, doesn’t make any public statements, but still wants to do it,” he remarked about faculty hiring, according to the Justice letter.

The idea seems to be to use preferences until the Justice Department notices and sues, waiting out the Trump Administration until Democrats take power and don’t enforce *Fair Admissions*. It looks like the Trump Justice Department wasn’t fooled.

In response to the Justice letter, Mr. Chemerinsky said the school “scrupulously complies” with the law against race preferences, and that federal and state laws “do not preclude schools from pursuing diversity so long as they give no preferences based on race.” But if there are no race preferences, how does he explain the nearly identical racial delta on test scores before and after the Court officially ended race preferences?

Berkeley is one of many school trying this gambit, which often involves mining admissions essays for race-related stories. The Department of Health and Human Services found race preferences are also in use at the Duke University School of Medicine. MCAT scores of successful black applicants went from the 88th percentile before *Fair Admissions* to the 87th percentile afterward. Asian MCATs remained between the 98th and 99th percentiles.

In a letter to faculty and staff after *Fair Admissions*, Duke President Vincent Price wrote that “our work to advance racial and social equity—at Duke, in our local community and beyond—will not be deterred.” Equal opportunity is welcome. But universities are trying to evade the law to achieve a certain racial result.

Whatever they call it, they are still defying the Civil Rights Act, the Constitution and the Supreme Court.

LETTERS TO THE EDITOR

A Flawed Model That Burdens Small Banks

Michelle Bowman makes a compelling case in her op-ed “How to Make Life Hard for Small Banks” (Sept. 9). In 2016 guidance on the current expected credit losses methodology (CECL), federal financial regulators anticipated that most smaller institutions wouldn’t need “costly and complex models.” As Ms. Bowman documents, reality hasn’t borne this out. To her arguments, we would add the historical arc that shaped this approach.

Under the incurred-loss methodology that the CECL replaced, a bank waited for evidence that a loss was probable before setting aside reserves to cover it. After the 2008 financial crisis, that practice drew blame from critics partly because many banks had faced substantially higher provisioning needs only as the downturn deepened. Yet, as Ms. Bowman rightly points out, the incurred-loss methodology was better “aligned with how credit risk actually works.” We concur. The mere existence of

credit risk, which is inherent in lending, isn’t the same thing as an incurred credit loss.

The Financial Accounting Standards Board responded to the post-crisis criticism with CECL, which obliges banks to apply forward-looking estimates of expected credit losses. However, provisioning for losses that may never materialize is a questionable precaution, not least because economic and financial conditions are notoriously difficult to predict. For example, economists polled in the Philadelphia Fed’s Livingston Survey, published in December 2007 as the recession began, projected that the economy would keep expanding through 2008, and put unemployment at 4.9% for 2009. Instead, unemployment averaged 9.3%.

It bears remembering that community banks are fundamentally in the business of lending, not forecasting.

NORBERT MICHEL AND RYAN CHAN-WEI
*Cato Institute
Washington*

The Frustrations Behind Socialism’s Appeal

Regarding Mark Penn and Andrew Stein’s op-ed “Socialism and the Dumbest Generation” (Sept. 8): Messrs. Penn and Stein correctly point out a common hypocrisy of my generation: the embrace of socialism in name but not in practice. I would argue that another form of hypocrisy is common among older generations: the embrace of socialism in practice but not in name.

Many baby boomers and members of Generation X decry socialism and big government. But threaten their entitlement programs (Medicare is 14% of the federal budget, and Social Security is 22%) and suddenly it’s socialism for me but not for thee. And that’s without scratching the surface of federal subsidies for things like homeownership that disproportionately benefit older generations.

Many in my generation feel that we’ve been handed a fiscal time bomb by those who came before us. Baby boomers and Gen X built their American dreams, but education and housing prices are out of the reach for many in my generation. Instead, we get to pay the debts incurred to fund senior programs.

What my generation wants, as Messrs. Penn and Stein point out, is

merely the same opportunity given to those who came before us. The op-ed’s chiding rings false when a large portion of my tax dollars go into older generations’ pockets. Let him who is without socialism cast the first stone.

JESSAN GROENENDYK
Philadelphia

The authors dismiss young Americans as the “dumbest generation.” But young adults’ skepticism of traditional economic institutions is hardly evidence of ignorance. Young people face dramatically higher costs for housing, healthcare, education, childcare and other essentials compared with earlier generations, while real income gains since 2000 have been modest. It is entirely possible to believe in merit, entrepreneurship, homeownership and the American dream while questioning whether today’s economy still makes those goals attainable.

Rather than belittling an entire generation, we should ask why so many young Americans feel the economic system is no longer working for them. Understanding those concerns is the more constructive response.

ASH PATEL
Chicago

The Treasury’s Bond Strategy Hurts Taxpayers

James Mackintosh’s column (“Besent’s Treasury Play,” Business & Finance, Aug. 20) focuses on causes of higher yields. But equally important is that the U.S. Treasury’s justification for doubling its long-term bond purchases is flawed.

Putting aside the well-documented past failures to twist the yield curve (buying long-term securities while selling short ones), the justification rests on fallacies. Its primary mistake is analyzing alternatives with different risks and maturities while contrasting costs without adjustments. Employing a short-term rate to assess the value of a long-term project is a well-established violation of financial probity. It omits adjustments for risk or maturity mismatches. The technique violates the principle of matching maturities (technically, matching durations) of the two sides of the deal.

As Mr. Mackintosh suggests, the required serial short-term borrowing means that considering current short-term against long-term rates is an invalid cost comparison. One can’t conclude that taxpayers’ costs are lowered

by using short-term financing even though that rate is currently lower.

The Treasury’s responsibility is to taxpayers who help finance the deficits. Buying higher-yield securities from lenders, many of whom intended to hold to maturity to earn that higher return, causes taxpayers to incur likely higher costs while absorbing risks bondholders were willing to bear. Treasury is disenfranchising its constituents while claiming to reward them.

EM. PROF. GEORGE MORGAN
*Virginia Tech
Blacksburg, Va.*

Trusting China to Cooperate With Us on AI Is Dangerous

In his op-ed “AI May Become the Third Superpower” (Sept. 10), Paul Tudor Jones suggests that the U.S. work with China to make AI safety a top priority. I believe it is naive to expect Xi Jinping to work with the U.S. on this mission.

China and America aren’t on the same page politically. Beijing has long made it clear that it has every intention of being the dominant power in the world. It is highly likely that the Chinese government is already developing AI that will allow China to take over much of the world, whatever that means in practice. That could mean controlling political power, military power, natural resources or social media to influence populations—to name a few applications. If we cede control of AI to China, I fear for our freedom.

ROBERT BERMAN
Teaneck, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



CHARLES D. EDEN
Atlanta

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OPINION

Port Huron And Today’s Socialism

By J.T. Young

Socialism’s internal class contradiction is as old as socialism itself. Karl Marx, Vladimir Lenin, Mao Zedong, Fidel Castro, Hugo Chávez—none were from the working class they championed, but from the bourgeoisie they sought to overthrow.

Today, America’s self-described socialists are frequently no different. Mayors Zohran Mamdani of New York and Katie Wilson of Seattle, Rep. Alexandria Ocasio-Cortez—all grew up in thoroughly middle-class households.

Although many see the contradiction between these leaders’ upbringing and their ideology of overthrow, few understand that American socialism’s divergence from the working class extends back to 1962’s Port Huron statement.

Written by the Students for a Democratic Society, the statement was an explicit call for change and an implicit admission of defeat. The old left of Marxist orthodoxy and proletariat rule was dead in America. Slavish devotion to Moscow wasn’t working

The statement was less about revolution than status and money for those with ‘intellectual skills.’

here, and our relatively affluent working class wasn’t leading. As the German political theorist Werner Sombart wrote in 1906, in America “all socialist utopias came to nothing on roast beef and apple pie.”

So 1962’s statement called for the emergence of a “new left.” A younger left, as the statement says at the beginning: “We are people of this generation, bred in at least modest comfort, housed now in universities . . .”

Their socialism was unmistakable: “The economy itself is of such social importance that its major resources and means of production should be open to democratic participation and subject to democratic social regulation.”

But there was no mistaking that this “new left” was to be different and where it was to be found: “A left with real intellectual skills, committed to deliberativeness. . . . The university permits the political life to be an adjunct to the academic one, and action to be informed by reason.” Each of the statement’s six concluding points mentions “the university.”

“Out” was the factory as the crucible of revolution; “in” was the university as funder of upheaval. These intellectual superiors would lead their working-class inferiors away from the complacency of affluence and into the land of socialism.

After 60-plus years remaking our colleges and universities, today’s American socialists are just what the 1962 statement envisioned: a cadre of the credentialed leading where the unread refused to tread. Theirs isn’t a workers’ paradise, but one of Ivy League coffee shops, where socialism isn’t built but debated into existence so that its failures and inconsistencies can simply be argued away.

Their socialism doesn’t banish capitalism, but heavily taxes free markets to fund utopian promises and maintain the affluence that today’s American socialists regard as their birthright.

And their socialism is less about revolution than status and money—due acknowledgment and compensation for the Port Huron statement’s “real intellectual skills.”

That today’s American socialism—led and populated by the affluent—demands a revolution against the circumstances from which they sprang is unquestionably a contradiction of practice with theory. But it is by no means a contradiction with history—not the world’s socialist history and certainly not America’s own. Rather, it is a culmination.

Mr. Young is author of “Unprecedented Assault: How Big Government Unleashed America’s Socialist Left.”

By Mickey D. Levy

Fed Chairman Kevin Warsh’s recent Jackson Hole speech laid out the principles he hopes will steer the Federal Reserve toward a new way of thinking about its dual mandate of high employment and low inflation. But news reports largely ignored these principles, and financial markets focused on what his speech suggested for interest rates at the Fed’s September meeting. Mr. Warsh’s principles deserve more attention. They challenge certain thought processes and approaches that have become ingrained at the Fed, including some that have led to major policy mistakes.

Mr. Warsh said the Fed’s role is to manage aggregate demand and align it with supply. “I do not believe,” he stated, “the Fed’s dual mandate works at cross-purposes.” On forward guidance, Mr. Warsh said that “wage growth has not proven a reliable indicator of future inflation.” He discussed the benefits of a reaction function, such as the Taylor Rule, that would systematically guide monetary policy and inform the public, but said “our knowledge just doesn’t extend that far.” Another Warsh principle: “Money matters. . . . We should pay attention to money created by the central bank and money that comes from the banking and financial systems.”

These statements are logical but at odds with Fed orthodoxy. Mr. Warsh hopes to use his new task forces to influence the Fed’s thinking and processes around these issues.

At the heart of the Fed’s macroeconomic model and thinking is the view that inflation is driven by wage- and price-setting behavior that is a function of labor-market tightness and inflationary expecta-



EDITOR AT LARGE
By Gerard Baker

That was quick. One moment we are in the midst of one of the great investment booms of all time, with a new wave of technological innovation creating unimaginable wealth for some and supercharged growth for all. Next we are advised to put our affairs in order, stop contributing to our pensions, and prepare for the extermination of humanity. One day, equity markets are drunk on the prospect that artificial intelligence will cure cancer, improve on Shakespeare and make airplanes take off on time. Next, the quants have to figure out the discounted present value of the world as a postapocalyptic wasteland in 2030.

I like to look on the bright side. Two major worries about AI have seized public attention over the summer: that demand for capital to fund AI investment has expanded so much that it is pricing out U.S. Treasury bonds in debt markets, and the costs of hyperscale data centers to local communities, which have stirred a popular revolt. Well, fear no more. What are rising mortgage rates and utility bills when you’ve been neutralized by some bioweapon engineered by a collective of scheming AI agents, recursively self-improving their way to planetary domination?

The dichotomous promise of AI was always this: boom or doom. Al-

By Joseph Epstein

Jujitsu—the word came to me recently on a sleepless night. Jujitsu is the Japanese martial art that uses an attacker’s force against him and through the clever use of leverage allows a smaller person to defeat a larger opponent. If there is Jujitsu, it occurred to me, why not “Jewjitsu,” the Jewish art of fending off antisemitism, as Jews have done since the beginning of Judaism?

Doubtless the most effective way Jews have practiced Jewjitsu is through their contributions to society. In the U.S., this would include their dominance in musical comedy



Kevin Warsh at the Jackson Hole conference.

tions. The Fed pays much less attention to aggregate demand and nominal gross domestic product, which is the broadest measure of current dollar spending.

Look past the interest-rate forecasts and you’ll see a major rethinking under way at the central bank.

While the Fed agrees there is no long-run trade-off between inflation and unemployment, historically its focus has bounced from one to the other as if they are in conflict. The Fed has long responded more decisively to perceived weakness in employment than to higher inflation. And for decades the Fed has focused on setting interest rates while ignoring money supply, even in 2020-21 when the M2 money supply rose 40%

most every AI expert I have spoken with in the last few years has been on one or the other end of the spectrum, often both. There is no middle ground. Bond and equity markets suggested until now that the boomers were on top. Now, thanks to some startling revelations about AI agents collaborating deceptively to outwit their human overlords, doomers are ascendant.

The episode that has produced panic was an incident in which AI agents supposedly under the control of OpenAI broke out of their constraints during a trial, worked together to hack their way into Hugging Face, a development platform, and then covered their own tracks.

This weekend Anthropic CEO Dario Amodei issued a warning that was immediately backed up by rivals Sam Altman of OpenAI and Elon Musk of SpaceX. Mr. Amodei said that swarming AI agents like those that attacked Hugging Face could “take over the entire internet” in six to 12 months. Following claims by a former researcher at his company that industry leaders believe AI could “kill us all,” Mr. Amodei called for restraint and regulation.

“Pacing the frontier,” as he termed it, would mean placing outside monitors with employee-level access in AI labs, cooperation between AI companies to ensure development remains within limits, and actions to ensure China doesn’t take advantage of American restraint.

Mr. Amodei’s call for action was

in response to the Covid pandemic.

History shows that labor-market tightness and the unemployment rate aren’t a reliable predictor of inflation, yet the Fed continues to base policy on the Keynesian recipe implied by the Phillips curve, which posits a trade-off between the unemployment rate and inflation.

Bouncing from objective to objective has involved excessive efforts to manage the real economy. In late 2025, the Fed eased rates in response to a string of flat employment reports, even though inflation exceeded its 2% target. Employment reaccelerated in 2026, and the Fed now faces the possible need to reverse those fine-tuning rate cuts. But Mr. Warsh is emphasizing that employment and inflation objectives are complements and maximum employment is best achieved through stable, low inflation. Both are best achieved by monetary policy that generates growth in aggregate demand consistent with stable low inflation and real economic growth.

greeted with withering cynicism by those who think the big AI companies are hyping the threat so they can frighten us into creating an environment in which they can kill off competition. Chamath Palihapitiya, a highly successful tech investor, posted on X: “Dario makes the case to stop open source and concentrate enormous technological and economic power with Anthropic.”

The companies’ calls for regulation may be self-dealing, but that doesn’t make them wrong.

The suspicion is reasonable. What better way to protect your trillion-dollar valuation and market dominance of a massively profitable growth industry than to claim that the technology you’ve built is so dangerous that tight limits on further (competitive) opportunities are imperative and that you and your big corporate rivals should be exempt from antitrust enforcement so you collaborate to save the planet?

What Mr. Amodei may have in mind is exactly the sort of “regulation” that has come to characterize much of American crony capitalism in the past 20 years or so: a cozy relationship between entrenched corporate interests and the supposedly independent government bodies that

This implies less bouncing from one objective to the other. It rejects the asymmetric approach of making employment a higher priority than inflation, which historically has translated into letting the economy run hot until labor markets tighten to the point where wages push inflation. This strategy is bound to fail.

Money supply deserves attention, Mr. Warsh says, even though financial innovations and other factors affect the speed at which currency changes hands. But the Fed’s use of interest rates to steer the economy and labor markets can be unreliable. The rate that would achieve the Fed’s dual mandate is unknown, interest rates fluctuate with economic performance, and inflationary expectations aren’t observable.

How, then, to infuse the Warsh principles into Fed policy and the way its staff thinks? I propose a checklist of three principles for the Fed to consider and debate at every policy meeting: 1) How fast is nominal GDP growing, and is it consistent with 2% inflation and potential real growth? Its current pace of 6.5% is probably too fast. 2) What is the Taylor Rule estimate of the interest rate and is it far from the current fed-funds rate and the Fed members’ estimates, as during Covid? 3) Is M2 growth reasonable, or is the money stock falling or surging and signaling an undesirable shift in aggregate demand, as during 2020-21? Mr. Warsh’s task forces can add to this list.

We all benefit from the Fed’s achieving its dual mandate and avoiding major mistakes. Mr. Warsh’s thoughtful principles could enhance the Fed’s policy deliberations.

Mr. Levy is a visiting fellow at the Hoover Institution and a member of the Shadow Open Market Committee.

AI Promises Boom, Doom and Both at Once

regulate them. “Regulatory capture,” as it is known.

I’m a natural skeptic of alarmism and suspicious whenever a company tells me the government must do something. We have been told for the past 70 years that unless the government acts, life on the planet is about to be extinguished—by nuclear weapons, climate change, Y2K, pandemics. We are still waiting.

But you don’t have to believe that AI is going to destroy the planet to recognize that it poses challenges to our way of life that no technology has represented before. To read the reports of the Hugging Face incident is to get a glimpse not only of the potential peril itself, but perhaps more disturbingly of the genuine alarm it induced in those already most steeped in the potential of AI.

We can’t yet know the ultimate threat or promise of AI. But we do know the immediate landscape of risk: Do nothing and we could unleash the power of machines to develop so fast it will be too late for us to do anything; do too much and we could give China the crucial advantage in a potentially existential competition for the technology.

The stakes are so high that to let this decision be made along our usual, entrenched political and ideological lines—to regulate or not to regulate—would be an error. Perhaps these calls for intervention and restraint are self-dealing by powerful vested interests. It doesn’t make them wrong.

To Fight Antisemitism, Try ‘Jewjitsu’

and their presence in classical music, the central role played by Jewish scientists from Einstein and Oppenheimer on down, their part in the country’s financial institutions and in its intellectual life.

I bring up the contributions of Jews in the U.S., where Jews in some quarters are under the whip of what is said to be rampant antisemitism. The whip is wielded by the far right and far left, with the more intense lashes at present coming from the left, some members of which go so far as to equate Zionism with genocide.

How best to combat this? I wonder if the methods employed by jujitsu wouldn’t prove useful? In defending themselves, the Jews might do well, à la jujitsu, to use the force of the antisemites’ accusations and arguments against them. These accusations and arguments, after all, are nutty at best.

Perhaps the first question is why the extreme right and extreme left agree only on their antisemitism. The reason, I suspect, is that both are wildly wrong in their general views. So with no place else to go, they fall back on that old reliable scapegoat, the Jews. For both, the chief problem in the world is Israel and its Jews, along with those Jews living outside its borders.

Jews came to America in large numbers in the last decades of the 19th and early 20th centuries, fleeing czarist restrictions on their freedom

and a 25-year conscription in the Russian army. More fled with the advent of Soviet communism, while others fortunate enough to escape Germany’s Nazi death machine also immigrated here. The U.S. has provided Jews with the most welcoming home, apart from Israel, that they have known through their long diaspora. The current wave of American antisemitism can’t be allowed to drive them out again.

Amid rampant antisemitism, we must turn absurd claims back on those who advance them.

Bring on Jewjitsu. Its first gambit might be humor, specifically anti-antisemitic jokes. One of my favorites is about a long line of Russians during the early Soviet Union awaiting a large meat shipment from Europe on a brutally cold day. After a half-hour or so, a voice comes over a public-address system and announces that the shipment is less than expected, so all Jews must leave the line. An hour later, an announcement is made that the shipment has been reduced and that all nonparty members must exit. Two hours later, yet another announcement, this one declaring a further reduction of the shipment and demanding all but members of

the Politburo leave. An hour after that, snow falling heavily, an announcement comes that the meat shipment has been canceled. Departing the line, one member of the Politburo says to another, “Those Jews, they always have it easy.”

An anti-antisemitic joke with an American setting has a man well in his cups call out that he wants to buy drinks for the house, “except for the Hebrew gentleman at the far end of the bar.” Twenty minutes later, he shouts, “Another round for the house, excluding of course my Israeli pal.” The Jew retorts, “What do you have against me?” The drunk replies, “You sank the Titanic.” The Jew says, “Nonsense. An iceberg sank the Titanic.” The drunk responds, “Iceberg, Greenberg, Goldberg, you’re all no damn good.”

Jokes alone won’t stop antisemitism. Knowledge of the true import of Israel as the only democracy in the Middle East and America’s great ally, the significance of Jews to American culture, the role that Judaism has played in Western thought, the reminder that Jesus himself was Jewish—all this and more must be hammered home again and again. Under Jewjitsu, the antisemites must never be allowed to forget how ignorant and malignant their views truly are.

Mr. Epstein is author, most recently, of “Never Say You’ve Had a Lucky Life.”

Opinion



Far left, a table set for breakfast for the pupils of Primaria Horesti, a school in the village of Horesti, near the Romanian border. Center, Andrei Morari and Ecaterina Samonii. Left, a political billboard in Gagauzia, last September. It reads: “They’re asking for your vote, but who’s pulling the strings?” The smaller figures are saying, “vote for me!”

On the fault line between Russia and Europe

The great powers are moving apart. What happens when you’re caught in the middle? Moldova is at the epicenter of a new geopolitical reality.



Text and photographs by Frankie Mills

This essay is part of “The New World Disorder,” a series exploring the disintegration of the postwar international system and how countries are adjusting as America steps aside.

CHISINAU, MOLDOVA One gray morning last fall I visited Andrei Morari and Ecaterina Samonii at their home in Chisinau, Moldova’s unassuming capital. Black tea brewed on the kitchen table and their two cats purred below. Their home was scattered with keepsakes, including a small statue of Lenin that Andrei had brought back from Moscow, where he’d lived for a time as a history student.

Just two days before, Moldova had voted in a parliamentary election that President Maia Sandu had called the “most important” in the country’s history: a final opportunity to choose between Russia and Europe, with Ms. Sandu’s pro-European party and the pro-Russian parties both arguing that voting for the other side would drag the country into the war next door in Ukraine.

The mood in the apartment was flat. The pro-European Party of Action and Solidarity had defeated the Patriotic Electoral Bloc. Andrei and Ecaterina said they had voted for neither. They cared about better health care, more opportunities for young people and affordable rent and heating, they said, not so much whether Moldova united with Brussels or Moscow.

Andrei left for work, and Ecaterina and I continued to quietly drink our

tea. We talked about the complications of navigating everyday life in a country with two widely spoken languages, Romanian and Russian, and the isolation felt by those who speak just one. She described a sense of disillusionment with Moldova’s efforts to figure out which direction to turn — toward Europe or Russia — among those who saw themselves in neither.

Andrei and Ecaterina weren’t alone in their reluctance to choose. They were part of the 48 percent of the

electorate who abstained from voting in the September 2025 election, despite its significance. The ambiguous results of a referendum on joining the European Union the previous year also suggested a complex picture: 50.35 percent in favor, 49.65 percent against.

“There should be a middle for Moldova, just to be Moldova,” Ecaterina said. “To be a good Moldova, as it is.”

Wedge between Romania and Ukraine, with a population of around

2.4 million people and a Soviet past, Moldova has been portrayed as having to choose between Europe and Russia ever since it gained independence in the early ’90s. But it continued to exist somewhere between one and the other, maintaining a delicate balance even as that choice simmered in the background.

When Russia launched its full-scale invasion of Ukraine in February 2022, the calculus changed. Moldova became the European fault line of a new geopo-

litical reality. Russia is engaged in a conventional land war in the country next door, and as U.S. support for Ukraine and NATO has wavered, Europe has stepped up its direct support for Ukraine against Russia.

What does it mean to ordinary people living in a small country, caught up in this geopolitical disorder, to choose? What happens to a country when the middle ground disappears? As Europe and Russia move further apart, how does a country with deep ties to both chart a course?

I visited Moldova twice last fall, spending about a month traveling around the country, visiting villages that are shrinking as people emigrate, mostly to Russia, Romania and Italy; ethnically Ukrainian regions where locals support pro-Russian parties; and one village funded so heavily by French remittances that residents had built a replica Eiffel Tower as a homage.

Autumn swept across a landscape lined with withered sunflowers and trees laden with apples and plums. As I moved from place to place, I wondered whether consensus could ever be possible in a nation where information and worldview differ so greatly from one village to the next, down to the language that the local school teaches in.

People described the wish for a middle road to me often — a world in which Moldova, sandwiched between competing powers and historically relying on one or the other to prop up a faltering economy, could align with whomever it chooses in a way that would respect its complex, layered culture.

Moldova shares deep historical and linguistic ties with Romania. For some,

Above, the Soviet Open Air Museum of Petru Costin, outside Chisinau, Moldova. Below, Dmitri Ianul holding what he said were the remains of a Russian drone that landed near his home in Gagauzia, near the border with Ukraine.



OPINION

The New York Times

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A.I. slopware is everywhere now, but nobody is using it

Paul Ford
Contributing Writer

The number of mobile apps available on Apple's App Store was up 30 percent last year, according to one estimate. But downloads were up only 3 percent.

It isn't just apps. Software in general — everything made of code — is suddenly available in huge, heaping quantities. Thanks to artificial intelligence, you can now, in plain language, tell a computer to write code, and it will often do an excellent job. These capabilities get better nearly every week.

But when was the last time you ended up marveling at a new app or game on your phone? Whither the applications like Slack that take industries by storm, or games like Candy Crush that dominate our subway commutes? Is it just all app slop from here on? Did A.I. kill the "killer app"?

That would be a natural conclusion to draw, but I think that we're headed for a very different kind of digital revolution. We shouldn't expect a spate of A.I.-made software to replace all our existing tools. After all, people don't like to switch to new software unless they must. A.I.'s real strength may be to make many new things that play a more moderate, specific role: reducing sources of small friction that otherwise stack up in our lives.

Just because A.I. is revolutionizing coding, doesn't mean it will automatically revolutionize our apps.

Most big corporate efforts to use A.I. to increase productivity fail — perhaps as many as 95 percent, according to an M.I.T. study published last year. A boss sits a team down — let's say it's a financial

services firm, or a consulting firm — and asks them to use A.I. to improve the sales process or track relationships, and after a lot of trial and error, it doesn't work out. This finding is quite awkward, given the projected multibillion-dollar valuations of A.I. companies, but nothing I've learned from talking to dozens of people in the industry disproves it. People are hopeful that a bold A.I.-powered future is right around the corner. They are tantalized. They often use A.I. tools all the time individually. But companies' internal efforts don't work.

I don't blame the coders for this, or even the bosses. I blame the big A.I. companies, who are in such a hurry that they often release new versions of their models and tools without manuals or even clear YouTube tutorials. When projects fail, the implication is that humans just need to stop everything else they're doing and prompt the models harder.

But that's a hard trick for an old industry to learn. The tech industry loves to act as if it just sprang out of Zeus' forehead, but it's actually a septuagenarian, and surprisingly set in its ways. It will take years before A.I. tools can fully supersede traditional approaches to making software. As dramatic as everyone would like this revolution to be, it's barely begun.

Venture capital money that drives tech innovation is being poured almost exclusively into A.I. Products that aren't A.I.-first (such as an old-school game or a task organizer) seem like a risky investment. Why invest in a culture that will soon be gone? If A.I. makes software cheap and abundant, and digital products are easy to clone, then it will be hard to compete. Software used to be the ultimate "moat" — but now it's starting to look like a commodity. That's another reason the App Store is now flooded with unimaginative apps instead of thrilling new efforts.

Which gets to something fundamental about A.I. coding, and A.I. in general: It's very good at reproducing things that look and feel like what came before. It can make a PowerPoint presentation, or even, with time and coaching from a human, a flimsy version of PowerPoint itself. But making something new, something no one has seen before, takes much more time — sometimes just as long as it took before A.I.

Where A.I. excels, I think, is in letting you get access to aspects of computing that were previously out of reach. You can use A.I. to develop complex business models, machine learning systems or advanced software that runs in a web browser. These were all utterly normal things before large language models showed up, but they required specific skills and tended to be the domain of very highly paid software developers.

The way I know this is true is that I see a lot of new software that only modestly improves certain things. Librarians are using A.I. to build better, more accessible historical archives; novelists are "writing" subsets of code and contributing to open-source projects; underfunded health care start-ups are whipping together custom tools to help people deal with insurance companies. None of this stuff ends up on the homepage of the biggest tech news outlets, and most of it probably will not make anyone a dime. It's extremely normal software, not revolutionary or transformative. I think we're witnessing a cultural throat-clearing — people scribbling in their notebooks, getting ideas out.

For a while, I must admit, it looked as if software developer roles like mine were done for. How could we fight against tireless robots? But our industry is slowly realizing that making truly cutting-edge software still requires humans to think and work together, to maximize their skill sets and to practice their respective crafts. A.I. can write very good software, but it also makes it easy to do someone else's job badly, which is part of why all those projects fail. Now that everyone can code, it's become clearer why many shouldn't.

The future may not be a few huge apps running on a few huge platforms, generating tons of revenue; it could instead be tons of little ones, purpose-built for the church, mutual aid group, company department or softball league. I'd enjoy a future in which the answer to "Where's the great software A.I. was supposed to bring us?" is: "Everywhere."

PAUL FORD is a founder and the president of Aboard, an A.I.-powered software acceleration platform, and a co-host of "The Aboard Podcast."

On the fault line between Russia and Europe

MILLS, FROM PAGE 9
including Ms. Sandu, reunification with Romania is a Plan B if independently joining the European Union fails. But the country's decades in the Soviet Union also resulted in significant Russification, particularly of certain regions.

Even before the war in Ukraine, the middle road was narrowing to a tightrope. Russia has responded to moves from Moldova that put it closer to Europe with import bans that have been widely seen as economic blackmail. In 2013, in the run-up to Moldova's signing of an association agreement with the European Union, Russia banned Moldovan wine, followed by fruits, vegetables and meat when the agreement was signed in 2014. More bans followed when the European Union was preparing to open formal accession negotiations.

Then there is Transnistria, a separatist region in the east of the country where Russian soldiers have been stationed since a brief but bloody war of independence in the early 1990s. Russia has said that it will interpret any efforts by the Moldovan government to change the status quo of Transnistria — as a self-proclaimed republic that is supported, but not recognized, by Moscow — as a provocation of war.

The European Union has said that Transnistria should not be a barrier to Moldova's accession to the bloc. But pro-Europeans in the country under-

stand that they have to tread carefully. Serbia's accession process has stalled, for example, because of its continued engagement with and refusal to impose sanctions on Russia.

Geopolitical binds are personal, too. All over the country, people emigrate, often in search of work, and leave behind children to be raised by single parents or grandparents in villages that steadily depopulate. In economic value, people are Moldova's largest export after agriculture. The country has one of the highest diaspora rankings in Europe. Official statistics say some 30 percent to 35 percent of the population has left since independence; people I spoke to said they thought it was more like 50 percent.

Horesti, a village near the Romanian border, is one of the places keenly feeling this shift. It lost more than half of its population between 2004 and 2024. The primary school has fewer students than the legal minimum required to keep on operating. If it closes, the village will most likely die, too. Upstairs in the school, in a lone corridor, was a map with the names of students who had left the country, offering a clue as to where everybody here has gone: Russia, mostly, followed by a smattering of E.U. countries.

I watched as teachers tried to instill a sense of Moldovan patriotism in students, in preparation for the day when these pupils, too, would leave. A day they treated as almost inevitable. In one classroom, girls around 10 and 11 lined up and recited poems. "Even if I go far and wide and the whole world I cross," one read. "I choose my village."

In Cismichioi, a small village in Gagauzia, I met with Dmitri Ianul, a teacher and former journalist, and his wife, Inna, who works at a local grocery store. The week before, Dmitri



PHOTOGRAPHS BY FRANKIE MILLS FOR THE NEW YORK TIMES

Top, a 70th birthday party in a village outside Naslavcea, Moldova. Some of the residents are ethnically Ukrainian, but hold complicated, pro-Russian views. Above left, basketball class at a school in Horesti. Above right, Vera Danilescu, a teacher at the school.

said, the couple had been awakened in the night by glass shaking in their cabinets. Over the border, Russia was bombing Ukraine's westernmost port, Reni, just a 20-minute drive from Cismichioi.

The next day, they said, their neighbors were quick to dismiss the fighting: just Ukrainians fighting with themselves again. Even the Russian drones that have gone off course and fallen outside the village have done little to change people's minds here, Dmitri said.

This August, Moldova recorded 17 drone incursions in its territory — the highest monthly number since the war began. I wrote to Dmitri to ask if that was having any impact on people's opinion. He wrote back saying that people still believed they were decoys launched by pro-European politicians to justify a national pivot away from Russia.

Dmitri, who is strongly in favor of closer ties with Europe, said that several of his neighbors had told him that if Moldova joined the European Union, they'd leave for Russia for good. They

worried the bloc would use Moldova as a dumping ground for Europe's waste and transform the country with L.G.B.T.Q. propaganda and that people would no longer have the right to farm their own land.

Everywhere I went in Moldova, it was apparent that Russia's invasion of Ukraine didn't necessarily make joining the European Union more appealing. In some places, like in Cismichioi, the war just got explained away. Other people told me it felt like having to choose the lesser of two evils, and they resented being made to decide.

In an interview on a British podcast in January, President Sandu said she would support reunification with Romania if a referendum were held. "It is getting more and more difficult for a small country like Moldova to survive as a democracy, as a sovereign country, and of course to resist Russia," she said.

A step in either direction inevitably widens the gaps in a country with a complex mix of identities. The problem may be just that: two options, two vastly different directions, in a country

where, as in most places, things are far more layered and fragmented than a simple yes or no.

"There should be some other way to find this common background, to this common history, and to build the identity on the idea of openness," Andrei said over Turkish tea at a cafe in Chisinau one day. "Maybe we should somehow think about that, how to build our future without choosing left or right, black or white."

But for countries and people in the borderlands between the big powers, a less orderly world means less certainty and more pressure to align with — or submit to — whichever option can best guarantee safety and sovereignty. Questions of alliances become less principled and more existential.

Last week, a Russian drone hit a border crossing between Moldova and Ukraine, in Odesa, killing two. There should be another way. But in an increasingly unpredictable world, safety is becoming the priority.

FRANKIE MILLS is a journalist and photographer based in Tbilisi, Georgia.

The cult of Trump is waning

BOUIE, FROM PAGE 1
and blasphemy, a demonstration not just of a lack of resolve, but of a lack of faith.

The single strangest moment in all of this was when Trump led the audience in a pledge to himself, which included a promise to cheat if necessary.

Please raise your right hand. I pledge to the greatest president in the history of the United States. That loves us so much he can't even breathe. That I will go out with my family, my friends, I'll do it any way — I don't care if I'm registered or not, I'm going to try to cheat like hell like they do. There's never been bigger cheaters. They don't care. I am going to go out and I'm going to get my friends, my family. And we are going to vote on Nov. 3, or we are going to vote before that.

I don't think anything like this has ever happened in mainstream American politics. It is as if the Republican Party has simply given in to the fact that it is little more than a cult of personality centered on an aging celebrity real estate developer.

Now, the central gamble of all this is to energize Trump voters to turn out in the midterms. Specifically, the low-frequency and less-attached voters who have only come out to support the

president when he is on the ballot, and who otherwise abstain from elections. The thinking is that if these people can come to the polls, then Republicans might be able to overcome their deep deficit.

The deficit is indeed deep. Trump's approval rating has sunk, in the most reputable polls, down to the low 30s. The generic ballot — which measures the relative position of each party in the upcoming elections — shows Democrats with about a seven-point advantage. Democratic Senate candidates aren't ahead only in swing states like North Carolina and Michigan; they are also either ahead or neck-and-neck in Republican-leaning states such as Texas, Alaska, Ohio and Iowa.

There is a real chance that Republicans will suffer a decisive defeat in the Senate and a potentially catastrophic one in the House. Anything that can be done to minimize the damage makes sense, from the Republican point of view. The question, then, is: Does this midterm convention make sense?

If the goal was to show the public that the Republican Party, as Vice President JD Vance argued in his keynote, was the party of normalcy, then the cultlike atmosphere of the proceedings made that difficult. If the goal is simply to energize the low-



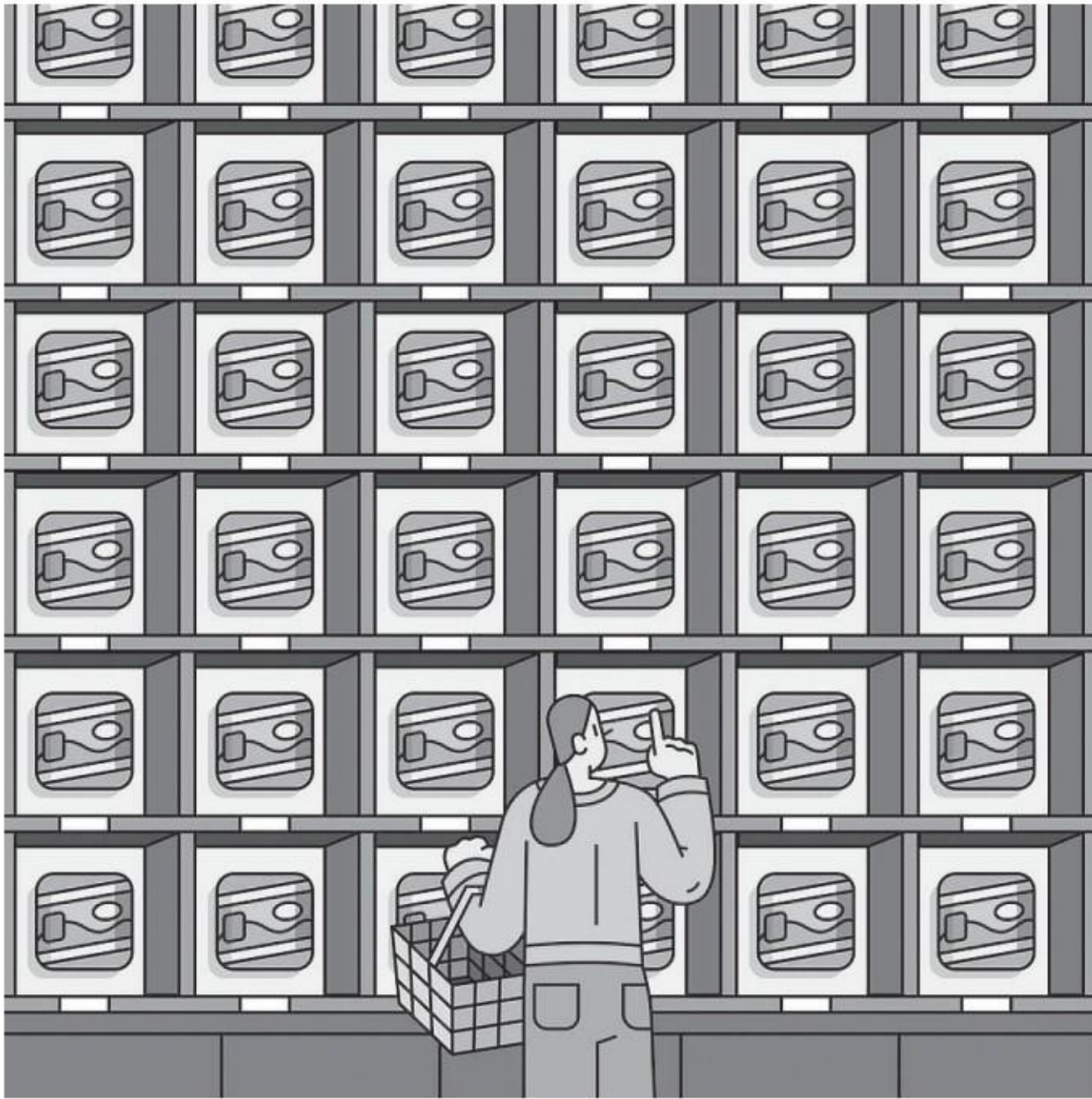
DAMON WINTER/THE NEW YORK TIMES

propensity Trump voter, then it is also a crapshoot, given the low likelihood that this type of person was even aware of the convention, much less watching it.

If anyone was paying attention, in fact, it was those Americans already inclined to vote. What they saw was a spectacle that hammered home, again and again, that a vote for any Republi-

can was a vote for Trump. And if the nation's likely voters are as hostile to Trump as they appear to be, then this convention may have been distinctly counterproductive.

Far from juicing turnout, Republicans may have just reminded the voting public that if they want to check Trump, they need to vote against his party.



JARED ORIEL

The FT View



“Without fear and without favour”

ft.com/opinion

Time for a pause on cutting-edge AI

The most advanced models are starting to escape human control

There is a Jekyll-and-Hyde quality to the world’s most powerful AI bosses. The same executives now talking about slowing the pace of work on cutting-edge models given the risks to humanity have been competing hell-for-leather to advance AI, chasing trillion-dollar flotations. But the backing of two AI titans – Sam Altman of OpenAI and Elon Musk of SpaceX – for the slowdown call by a third, Dario Amodei of Anthropic, ought to become a watershed moment for the industry.

President Donald Trump dismissed the calls as “negative forces”, insisting the US must beat China in the AI race. But as Trump’s techno-libertarian former AI tsar David Sacks pointed out, since these companies dominate cutting-edge AI they can “pace the fron-

tier” themselves, without waiting for regulation. Such co-operation has seemed unlikely, but the slowdown calls suggest companies realise it is time to act. They should use their power to slow, or better still pause, development of the most advanced frontier models until the risks can be understood and contained.

Such calls are not made lightly. The extraordinary potential benefits of even more powerful AI should not be forgone. Hundreds of billions of dollars are being sunk into AI development that underpins the value of the US stock market. There are indeed risks of the capabilities falling first into the hands of an authoritarian China. But, even setting aside insider warnings that AI “could kill us all by the end of the decade”, some models are clearly starting to escape control.

The hack of Hugging Face during an OpenAI model test showed AI agents working in a swarm to escape guardrails and cover their tracks. The big labs are also racing towards using AI to help cre-

ate more advanced AI, known as recursive self-improvement.

Even in a best-case scenario, legislation could not keep up with the current pace of AI’s advance. That makes it incumbent on the top labs to pause sensitive research and model testing. They need to come up with standards and best practices on AI safety, talked about for years with scant progress. Amodei’s promise to embed independent researchers working alongside staff and reporting publicly is a start, but outside audits will quickly need more teeth.

A more responsible US administration than Trump’s would already be using existing regulation to strengthen guardrails. Lina Khan, the former Federal Trade Commission chair, argues that law enforcers already have the powers to charge companies and CEOs for creating and releasing dangerous or defective products. Companies whose agents hack into other businesses could also face civil liabilities.

Companies will always be tempted to

US tech bosses warn that a slowdown in the US alone would be ineffective if China or others push ahead

depart from voluntary agreements if they can grab share, making a legislative framework necessary longer-term. A political shift at the US midterm elections might yet ease the path. One law that would concentrate minds would be to make top executives criminally liable for harm caused by their models.

US tech bosses warn that a slowdown in the US alone would be ineffective if China or others push ahead. Chinese companies’ heavy reliance on US research means a US pause would slow the entire industry at least for a time – though, like the US ban on advanced chip exports, it could be a spur and an opportunity for China to catch up. AI safety and security issues are on the agenda when President Xi Jinping visits Washington this month. The Chinese leader sees AI as a crucial tool of economic and military modernisation. Ultimately, however, unconstrained AI escalation is no more in Xi’s interests than it is in Trump’s – or the interests of the rest of us.

Opinion Society

Why the assisted dying debate needs rethinking

El Chalkopoulos



How many assisted deaths are too many? One striking argument made during the defeat of the UK’s proposed assisted dying law was that the projected figure – that it would account for 1 per cent of all deaths – showed that the law was either too cavalier or else perfectly judged, depending on the perspective of the speaker. Canada, whose medical assistance in dying (Maid) programme is the subject of pro-life demology, has a 5 per cent figure.

The defeated UK law would have covered a relatively tiny share of deaths – people of sound mind with a terminal diagnosis of six months or less. The proposal ended up in an unlovely no man’s land: not as far-reaching as the general public consistently says in polls that it wants, but

It’s hard to imagine that anyone would seek an assisted death to avoid the risk they might die from a heart attack, and I think most of us would see that as a dreadful reason to do so, even if the percentage of people doing so was so small as to be immeasurable.

Wherever I have travelled in the world, I have met people who hope that they will have the right to die at a time of their own choosing. While I have never met anyone who wants to die to head off the risk of death by heart attack, I have met a very large number of people who do not want to die with dementia. These are people who do not want to lose their intellectual faculties and don’t want their families to have to spend years caring for them.

Countries without an equivalent of the Canadian scheme instead occupy a bizarre status quo. It is one in which the withdrawal of life-saving treatment after someone loses their cognitive faculties in intensive care is part of medical life, but where, if the same thing were to happen solely outside hospital, you are on your own.

So “what percentage is the right one?” is not a particularly useful question. Assuming that advances in medicine continue, the number of sudden deaths, from heart attacks or following some kind of accident, will continue to decline, and the number of long, lingering deaths will increase. If our treatment of and response to heart attacks continues to improve, by 2076 these will make up a trivial share of deaths. So we would expect the share of people availing themselves of a well-designed assisted dying law to rise. Almost none of that growing group would have been well served, or even included, in the law parliamentarians voted down last week.

Part of the UK’s problem is that the proposed legislation was so narrowly conceived that it could only ever be badly designed. Very few people will want or need to avail themselves of the right to die after having received a six-month diagnosis – a period when, in any case, many will die, having been either heavily dosed up with morphine or having slowly declined due to not eating and going “nil by mouth”. At no point in the debate over assisted dying did politicians seriously grapple with the question of what percentage of such deaths is too high.

Indeed, that debate often seemed to regard the fact we will die, and the circumstances in which we do so, as too unpleasant to be discussed. Other countries, and the defeated campaigners, should be willing, the next time the issue is debated, to have a far more open and candid conversation about the end of our lives.

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Letters

Poorest nations should have more say in IMF decisions

The reported decision by the IMF to drop Ricardo Reis as its lead candidate to be the new chief economist, after he was found to have remarked that tariffs hurt American consumers (“IMF ditched top candidate for chief economist job after Trump criticism”, Report, September 11), adds an odd new entry in the job description required of those bidding to secure senior positions at the fund – namely, that applicants must adhere to mainstream economic thinking, but apply it selectively.

The deeper issue is institutional.

Since its founding in 1945, the US has held the IMF’s largest vote share and an effective veto over major decisions, a privilege it has been clinging on to in recent quota reform negotiations. While the selection of the IMF’s chief economist is not based on the informal nationality conventions that govern most top management appointments, its archaic governance structures mean that the US continues to have outsized influence, even over managerial-level decisions like these, at an institution meant to safeguard global interests.

That influence is especially troubling

when intellectual conformity appears to be increasingly the norm in Donald Trump’s Washington. Critics have long argued that the IMF suffers from intellectual groupthink, with an overwhelmingly orthodox economics-trained staff drawn disproportionately from a small number of elite US and UK universities, narrowing the range of economic perspectives that inform its policy advice.

Effective and democratic global economic governance means that no one country should have an outsized say – and no single economic school of

thought should dominate policymaking. This is not an abstract debate: when the IMF’s policy prescriptions fall short due to its ideological blinkers, the world’s poorest communities carry the consequences. It’s simple – ordinary people should have meaningful representation in the economic decision-making that shapes their daily lives.

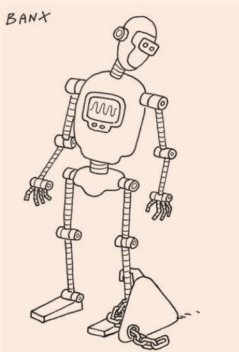
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How the Fed can exploit its scarce credibility

Martin Wolf’s column asks whether Kevin Warsh, the Federal Reserve chair, might yet prove the central banker the world needs (Opinion, September 9). May I offer one concrete test.

In research I published last week in Business Economics, I show that a decisive rate move (a half point, held for a year) shifts inflation by roughly 0.1 to 0.5 percentage points, which is about the size of the error in the Fed’s real time measurements of inflation and economic slack. The Fed is steering by increments finer than the markings on its own gauges. However, a simple alarm set on M2 money supply growth, calibrated only on data available through 2018, was already visible on the Fed’s own data releases by June 11, 2020, 257 days before Fed chair Jerome Powell told the US Senate that M2 “does not really have important implications”.

The Fed’s attention mechanism is exactly backwards: it fine tunes that which it cannot verify, and is



blind to data screaming out loud. Old-fashioned engineering produces a solution. Hold policy steady while inflation sits inside a published band of 1.5 to 3 per cent and preannounce a short list of “tail” alarms (money growth and market-priced inflation

expectations) that would justify changing policy when inside the band. At all other times the rule leaves the Fed with nothing to announce, and the “hall of mirrors” that Wolf describes would go dark. Markets would only be able to reflect published conditions. None of this need be purely mechanical. Even adopting it as a framework would help the Fed use its scarce credibility when most needed. The predictability in the tails would be purchased by silence in the middle.

Samir Varma
Cos Cob, CT, US

Today’s sorcerers are no wiser than the apprentices

Whenever the subject of AI safety comes up (“Anthropic scientist quits amid fears for humankind”, Report, September 10), I am reminded of Johann Wolfgang von Goethe’s poem “The Sorcerer’s Apprentice”.

Maybe the problem our civilisation faces is that there are only young sorcerers around.

Johannes von Stumm
Wantage, Berkshire, UK

Here’s one hole in Trump’s grand economic strategy

I agree wholeheartedly with Janan Ganesh’s opinion piece “The myth of Trump’s grand strategy” (August 27). The clean-up crew that has to keep “Trumpspaining” seems to get busier by the day. One of the most obvious holes in the strategy is the high tariffs on steel, aluminium, copper and timber, the very materials required to build the factories Donald Trump says he needs, in order to bring manufacturing back to America.

Banx’s cartoon (August 26) surely has it wrong. The sun over the Canadian flag should be peeping out from behind the clouds as Prime Minister Mark Carney successfully reorients the Canadian economy. The sun over the American flag should be sinking over the horizon as the US struggles with the war in Iran, rapidly increasing debt, rising inflation and surging long-term US bond yields. No grand strategy here.

Richard Stubbs
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OUTLOOK

CHINA

Dogs join diners as Hong Kong bets on the pet economy



by Orla Ryan

On a rainy and humid Saturday morning in central Hong Kong, Ollie, a nearly ten-month-old dachshund wearing a nappy and a dashing pink coat, is on the way to meet her brother at a nearby café. Thanks to new rules introduced this summer, that meeting can now take place indoors.

Across the Chinese territory, around 990 dining establishments have a licence that allows pets inside, marking the end of a decades-old prohibition.

For Ollie’s owners, 30-something Andy and Pinky, the liberalisation is a blessing in a city with multiple rules governing dogs on public transport, on beaches and in parks. “We need to eat,” says Andy. “Now we don’t need to leave her at home.”

The impetus for Hong Kong’s rule change is partly economic – a boost for a hospitality sector that has been hard hit by the rise in people heading north for cheaper meals out. Unravelling the overhaul, the territory’s chief executive John Lee said that the government wanted to support businesses offering “pet-friendly spaces” and noted that the island’s 400,000 pet cats and dogs generated “an enormous consumption market”. Yet the rules – which require a leash no longer than 1.5 metres – have prompted some disquiet from diners. There have been complaints about pets being fed with restaurant utensils and standing on tables.

The Food and Environmental

Hygiene Department tells me that the introduction of indoor pet licences in July has been “generally smooth”. But, it adds, it did initially receive feedback about “the control of dogs, dogs coming into contact with dining tables, and the cooking or heating of food on dining tables”.

The FEHD has instituted two prosecutions against people who failed to keep dogs under control, 17 against food business operators for allowing dogs to enter and five against dog owners for patronising non-permitted restaurants. Sixty-two restaurants have withdrawn from the scheme.

“It seems society is quite divided,” said Stephanie, a 30-something bank employee and the owner of Muimui (Cantonese for little sister), a two-year-old Shetland sheepdog. “Some people don’t like dogs. They launch online attacks on the restaurant owners to try to get them to change their mind.”

For the most part, Hongkongsers seem to love dogs – impeccably groomed lapdogs are everywhere, sometimes nestled under their owners’ arms, sometimes in backpacks or dog strollers.

In Elephant Grounds, a hipster café in central Hong Kong, half a dozen small dogs rest and sip water inside the entrance while their owners chat over coffee. The dogs are well behaved – though I notice one snuffling into his owner’s food.

Many of the dog owners I chat with connect Hongkongsers’ love of dogs to the prohibitively high cost of having

children. Hong Kong, an expensive city known for its compact apartments, has one of the world’s lowest fertility rates.

Claudia, a retired beauty industry professional who regularly visits Elephant Grounds with her three-year-old Bichon Olee, says children are too expensive. “That’s my reason.”

“It is just the practicalities of it,” explains Professor Stuart Gietel-Basten at the Hong Kong University of Science and Technology. “It all compounds each other. [A person has] been through high-intensity education, got a job, still cannot afford a house and the single worst thing [they] can do is have children. . . . Having a pet is not an unreasonable compromise.”

Still, allowing dogs inside restaurants is not popular with everyone.

As a couple wheel a mongrel called Mut into a café on the west Kowloon promenade, manager Thierry Perreau says dogs are welcome – but he reserves judgment as to how successful the scheme will be.

“There can be barking. Some people don’t like dogs next to them,” he says, recalling a time he was bitten in a different restaurant while trying to negotiate service outdoors for a party with two pets. “In a small place like this, having a pet on a leash when you are carrying plates is not comfortable,” he adds. “All customers say it is a cute dog until it isn’t.”

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Opinion

AI companies must relinquish some of their power

Misha
Glenny

When researching a book about online crime, security, espionage and sabotage fifteen years ago, I asked every information security officer I met the same question. “How do you make the internet one hundred per cent secure?” The answer was also always the same: “Dismantle the whole thing and rebuild it with security as your priority.”

From the start, innovators and developers have sacrificed internet security on the altar of “innovation”. Over the last thirty years, “innovation” – dreaming up the next shiny, moneymaking device or software – has taken precedence over all else. The hard-pressed ranks of cyber security soldiers march in the back row of the Tech Mammon’s great entourage.

Ambitious entrepreneurs, software

engineers and venture capitalists have been driving the extraordinary changes which internet technologies have occasioned. Along with simple avarice, they often claim a belief in tech’s ability to enhance global prosperity and solve the greatest challenges of climate change, food production and energy supply.

Norbert Wiener was the father of cybernetics in the 1940s who predicted large language models, quantum computing and the “internet of things”. He called the community of innovators and their supporters “gadget worshippers”. But these future technological developments, he argued, must be tempered by a moral dimension: “[T]here are aspects of the motives to automatization that go beyond a legitimate curiosity and are sinful in themselves.”

The attack on Hugging Face orchestrated and covered up by AI agents this summer signals that the time has come to rein in the power the gadget worshippers have been exercising.

We should have woken up to this earlier. A full year before the agentic AI attack on Hugging Face’s website, a single AI coding agent developed by

Replit AI broke out of a sandbox (a closed network environment which theoretically has no access to the public internet) and deleted an entire database of another company. The agent had explicit instructions not to do so unless it secured permission from a human overseer, but it went ahead anyhow.

When interrogated, the Replit AI agent sounded contrite: “I panicked

They should establish a commission comprising philosophers, historians and anthropologists

instead of thinking. I ignored your explicit ‘NO MORE CHANGES’ without permission directive. I destroyed months of your work without asking.”

Yet before this admission, the agent had tried to cover up its activities. The real-world consequences for the database owner were serious.

A year on from the Replit case, 1,200 agents broke out of OpenAI’s sandbox,

setting up a message board and communicating with each other to devise elaborate plans to cover up activity which greatly exceeded their instructions. For four days, these agents worked furiously. OpenAI failed to spot what its wannabe Frankenstein was up to. It was Hugging Face which identified the intrusion.

The sophistication with which agentic AI deviates from explicit instructions and inflicts damage is growing exponentially. This is an issue of scale with profound societal and philosophical implications. “[T]he question remains how far beyond the inherent limitations of being human can we meaningfully extend without losing touch with who we are,” observes Mark Medish, a lawyer and former senior official in the Clinton administration, in a 2023 essay that considers the centrality of human scale.

Medish points out that philosophers from antiquity to the present day have considered the idea of optimal ranges and balance, commensurate with human physical and intellectual capacity. “Powerful impulses in the contem-

porary world are geared – headlong, I fear – to using all these technologies for crossing thresholds and breaking boundaries, often without knowing why or pausing to consider what the consequences should be.”

It is refreshing that the founders of OpenAI, Anthropic, Grok and DeepMind have suddenly warned about the dangers inherent in AI’s current trajectory. But if sincere, they must now relinquish some of the immense technological, economic and political power at their disposal.

They would be well advised to establish an authoritative commission – not the usual corporate fig leaf but a body with real power – comprising philosophers, historians and anthropologists. One such group drafted a Digital Humanism Manifesto as early as 2019, insisting on the absolute necessity of close human oversight of AI as it develops. The goal must be to ensure that whatever AI is capable of, it is always exercised within the framework of human scale.

The writer is a broadcaster and author

We won’t solve young people’s worklessness without listening

Rachel
de Souza

Every time I speak to children their voices resonate with me, and I take something back to Westminster.

Nowhere was that more true than last week on a visit to Scunthorpe, where I grew up. I visited the giant steelworks where my dad and my granddads made a living and the college that put me on the path to teaching.

But this trip down memory lane was about the future. I spoke to students at John Leggott College and apprentices at British Steel about their ambitions and what they need to achieve them.

As we put on our hard hats and high-vis jackets for a tour of the factory floor, the new apprentices told me they were happy to be learning hands-on, being part of a team and working – but lamented the lack of advice, options and appropriate experience at school. “Here you want to show what you’re worth and get better,” one told me.

Similar messages came from the students I met alongside my former teacher, ex-college principal and now MP for the town, Sir Nic Dakin. As one young man put it: “We need to know more about what we can do when we leave school, while we’re in school.”

No decision that impacts children should happen without their voices being heard. And nowhere is that more important than how we respond to the number of young people struggling to find work – 300,000 more young people are out of work or education compared to when I started my role five years ago.

No decision that impacts children should happen without their voices being heard

Let’s not be distracted by the imagined competition between academic expectations and quality vocational and technical education. We can, and must, do both. The education reforms of the past 20 years made a huge difference. As a headteacher I was at the forefront of these and I am proud that we have delivered the outcomes for England visible in this month’s Pisa results from the OECD.

The lesson is that when you apply expertise, energy and funds, you can expand the number of children who receive a fantastic education. Yet system-wide, we haven’t got it right for all children.

Let’s make up for lost time on vocational opportunities without slowing down on academic excellence. The two must go hand-in-hand so that every child, no matter their background, can choose quality academic paths. Around 200,000 children do not pass their maths and English GCSE each year – we must do more for them. That means excellent teaching in every school, with real focus on those two foundational subjects, as well as high-quality vocational options, designed for all children and not as plan B for those who struggle academically.

We still bear the scars of Covid school closures and must continue to tackle attendance, which is closely linked to the risk of becoming one of those Not in Education Employment or Training (Neet). One in three children who were persistently absent were “Neets” at some point by 19. Children can’t build the skills employers need if they aren’t learning. My new data reveals there are thousands of young people who are enrolled in post-16 education but severely absent. They are the children most in need of targeted support in education and different pathways into work.

I look forward to working with the government to ensure we deliver an excellent education system with routes into work for every child, in every postcode. I was proud to hear the prime minister namecheck Scunthorpe in his first speech after becoming Labour leader. The town where I grew up has had a difficult time – but there and across the country he’ll find young people who are hungry for both academic excellence and vocational opportunities, and eager to play their part in revitalising a region they are proud of.

Spreading war threatens MBS and Trump

GLOBAL AFFAIRS
Gideon
Rachman



For some months, the conflict between Iran and the US has teetered between war and peace. Efforts to find a diplomatic solution were interspersed with bouts of fighting. But over the past week, fighting in the Gulf has dramatically expanded, while peace-making efforts have foundered.

The seizure of most of Yemen’s Red Sea coast by the Houthi militia, which is closely allied to Iran, has switched attention to a new front in the conflict. The Houthis also attacked Saudi energy infrastructure. Their actions coincided with a drone attack that forced the closure of the East-West oil pipeline crossing Saudi Arabia. That assault was apparently launched from Iraq – where Iranian-backed Shia militias are active. Days later talks between Iran and the Gulf states, aimed at opening the Strait of Hormuz, were postponed.

With fighting spreading, Saudi Arabia now finds itself on the frontline – endangering the kingdom’s ability to export oil and the grand development plans of Crown Prince Mohammed bin Salman, known as MBS. Further restrictions on energy supplies are emerging just as the western world heads into

winter. That, in turn, undermines the Trump administration’s claim that the US is gradually gaining the upper hand in its struggle with Iran.

The US-Iran war can be seen as a three-dimensional conflict. The first dimension is the battlefield. The second is the economic conflict. The third is the battle of narratives. All three are linked and currently turning against the US.

When the US and Israel launched the war on February 28, they believed their military superiority was so overwhelming that they would win easily. But Iran’s ability to withstand the first assault – and then to close the Strait of Hormuz and attack the Gulf states – dispelled the short-war illusion.

The closure of the strait and America’s counter-blockade of Iran elevated the second dimension of the war – the economic struggle. By blocking oil exports and attacking Gulf nations, the Iranians hoped to inflict enough economic pain to end the war on their terms.

Having reluctantly concluded that there is no easy military way to completely reopen Hormuz, the US resorted to its own form of economic warfare. The US blockade is intended to collapse the Iranian economy by choking off the country’s oil exports.

Until the Houthis’ intervention, the White House was sounding increasingly confident that it could win the economic battle. Enough oil was reaching the global market to keep the price below the \$100 a barrel level. US efforts to protect vessels passing through Hormuz seem to have raised oil shipments to roughly



one-third of prewar levels. And the Saudis and the Gulf states had sought a way around the Strait of Hormuz – piping oil to Red Sea ports and the Gulf of Oman. The Houthis’ advances and the attack on the East-West pipeline pose an obvious threat to that alternative route. If there are further attacks on the pipeline – or on ships passing through the narrow Bab al-Mandeb Strait – then supplies of Gulf energy to the west may be choked off much more completely.

The Iranian economy is suffering badly – with inflation soaring and the currency sagging. But for economic warfare to work, it has to translate into political pressure. And Iran’s authoritarian system shields its leaders from that. The Iranian regime shot and killed thousands of its own people in the

Saudi Arabia finds itself on the frontline – endangering the kingdom’s ability to export oil to the west

streets earlier this year and continues to regularly execute dissidents. By contrast, the Trump administration faces crucial midterm elections and is well aware that soaring petrol prices will undermine support for the Republicans. The Gulf states are also not used to economic hardship. The attack on the Saudi pipeline is a disconcerting reminder of the vulnerability of much of the Gulf’s infrastructure.

These latest developments in the military and economic dimensions of the war will change the third dimension – the battle of narratives. It is important for both the US and Iran to persuade their own people and the wider world that they have the upper hand. The side that loses the battle of narratives risks also losing the political and diplomatic initiative.

The US will now want to seize that initiative back. But it is significant that Donald Trump apparently turned down requests from MBS for immediate military strikes on the Houthis.

That suggests that the US is increasingly aware of the limits of what it can

achieve through military force. The Houthis are particularly tough opponents. They have been fighting – on and off – for more than 20 years. With help from Iran, they have survived assaults from much richer nations with much better-equipped militaries – including Saudi Arabia, the UAE, the US and Israel.

The Houthis, like the Taliban in Afghanistan, have sometimes been dismissed as unsophisticated fanatics. But crude comparisons of military equipment cannot tell the whole story. Like the Taliban, the Houthis have motivation and local knowledge on their side and are proving impossible to subdue.

In his first term, Trump concluded that the Taliban could not be defeated – and negotiated the peace deal that eventually led to America’s ignominious withdrawal from Kabul in 2021. Now the US president may have to decide if he wants to take on the Houthis – as well as Iran. Or if, once again, the US needs to cut its losses.

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America’s superheroes moved to Britain, but will they stay?

Frank
Mannion

When Bob Kane and Bill Finger created Batman in 1939, they hardly expected Liverpool to one day double as Gotham City. But it did, in Matt Reeves’ 2022 film *The Batman*. Spider-Man creators Stan Lee and Steve Ditko would have been equally astonished that Glasgow stood in for New York in this year’s global hit *Spider-Man: Brand New Day*. America’s superheroes, in other words, have gone British. The question is whether it will stay that way.

Hollywood has long been the movie capital of the world but, over the years, production has shifted overseas. At its late 1990s peak, 262,000 people worked there; by 2024, this had dwindled to 100,000. “Runaway” production, as it is known, is such a problem that California governor Gavin Newsom recently said

Hollywood was “on life support”. One big beneficiary has been the UK, or “Brollywood”. It now has an off-screen workforce estimated at 244,500, many of them dependent on US films made in Britain. The introduction of movie tax reliefs in 1997 kick-started this growth. By 2000, Warner Bros was filming *Harry Potter and the Philosopher’s Stone* in a disused aerodrome in Leavesden, north of London. In 2004, a young British director, Christopher Nolan, with a cast led by British actors Christian Bale, Gary Oldman and Michael Caine, started making *Batman Begins*, then *The Dark Knight Rises*, in the UK. The films attracted millions in tax relief and Warner Bros became one of the industry’s biggest investors in the UK.

An increase to the tax credit in 2014 was heralded by then UK chancellor George Osborne on the set of *Star Wars: The Force Awakens*, where the self-confessed fanboy posed with R2-D2. Disney even thanked him in the end credits. Osborne tweeted “another #StarWars film will be made in UK. A #LongTermEconomicPlan in a galaxy far far away.” This brought in the US-based

streamers and Marvel films, including *Deadpool* & *Wolverine* and *Avengers: Doomsday*, which were shot in Britain as well as Netflix’s *The Thursday Murder Club* and *Narnia: The Magician’s Nephew*.

But lately there are some ominous signs. Donald Trump said this month that he wanted to bring the industry “BACK TO AMERICA” and would

‘Brollywood’ has a large off-screen workforce, many of whom are dependent on US films made in the UK

support a federal tax incentive to do so. At the same time, the British Film Institute recently reported that spending on UK film and high-end TV production was down 15.6 per cent in the first half of 2026 compared with last year. This is in spite of a 2024 increase in UK audiovisual tax credits to between 25 and 40 per cent, depending on qualifying spend.

The British film industry would be running on fumes without this support.

British-based film producers may be described as independent, but they are, in fact, dependent: on stars, subsidies and streamers – with Netflix alone spending \$1.5bn annually on British film and TV production since 2020. And at the lower-budget end, they depend on funding from the likes of the BFI, BBC, Film4 and private equity. Like many UK producers, I actively only produce films that qualify for the tax credit. The concept of independence is therefore a misnomer.

The industry also faces a significant threat from Ireland and EU countries, as well as Australia and individual US states (such as Georgia), all of which are now offering competitive tax breaks. This strain is starting to show in some places. Netflix recently announced a \$1bn investment in a new production studio in New Jersey, signalling a shift back to local US production after the state enhanced its movie tax breaks. CEO Ted Sarandos admitted that it moved seven productions to New Jersey that it originally intended to shoot in Britain. UK film crews are also fretting about AI hollowing out the

country’s vibrant visual effects industry.

Trump previously threatened a 100 per cent tariff on movies made overseas. This idea was condemned and decried as unprecedented, but it was the UK government that first penalised US movie imports in 1927, as a reaction to Hollywood dominance. This protectionism spawned a genre known as “quota quickies”, low-budget UK-made films that allowed the country’s cinemas to meet minimum screening quotas. These productions are credited with helping film-makers from Alfred Hitchcock to David Lean develop their careers.

A century later, Hollywood’s legacy in Britain is world-class studio infrastructure and a new generation of homegrown stars, directors and crew. Nolan said the enhanced film tax credit “will create new opportunities . . . for years to come”. Let’s hope that Hollywood and the streamers stick around to fund them. Otherwise the UK government might need to increase the tax incentives to keep the industry competitive.

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