



## Lopsided solution

### In India, regulatory oversight for pharmaceuticals needs to improve

As part of an overarching attempt to restore confidence in India's pharmaceutical supply chain after a series of deaths damaged the country's reputation as a drug exporter, the government has required a doctor's prescription for individuals to purchase syrup-based medicines. However, while it seems like a credible measure, it is also defensive rather than reformist. The Union Health Ministry has removed the term "syrup" from Schedule K of the Drugs Rules 1945, a change it had signalled when it issued the draft notification in December 2025, thus requiring cough syrups to be sold only with a prescription, through licensed pharmacies. These products were singled out after ethylene glycol (EG) and diethylene glycol (DEG) contamination in India-made cough syrups killed over 300 children across several countries since 2022. The WHO's warnings in 2022 and 2023 also undermined assumptions that India's export quality controls were effective and functioning independently. But beyond contamination, doctors have long raised concerns about how cough syrups are formulated and used. Many over-the-counter (OTC) cough syrups are 'cocktails' of bronchodilators, antihistamines, and decongestants, which can cause tremors and heart palpitations, extreme sedation or paradoxical agitation in infants, and blood pressure effects. The American Academy of Pediatrics has said that cough suppressants are quite ineffective for children under six years and may even be dangerous, as they can mask underlying conditions such as pneumonia or asthma. Yet, India's entrenched OTC culture makes pharmacists de facto primary care providers in many rural and semi-urban areas.

Most importantly, however, the contamination was the result of failures in manufacturing quality control, testing of raw materials, and regulatory oversight rather than consumer access. Even now, requiring a prescription may reduce inappropriate use and push patients away from self-medication, but it could never prevent contaminated products from reaching the market in the first place. The fundamental issue is that the government continues to tolerate the pharmaceutical lobby's argument that high-end testing requirements – for stronger quality control and ultimately better drugs – will bankrupt smaller manufacturers. Second, while the *Indian Pharmacopoeia* and the *Pharmacopoeia Internationalis* updated their analytical methods to detect EG/DEG following the deaths, failures in batch testing and enforcement persist. As a result, while India has around three dozen State drug controllers, they are chronically understaffed – so without a large increase in the inspectorate, the notification is likely to be ignored sans consequence in rural areas. In a globalised economy, subpar enforcement for medicines in even one country is dangerous; that is infinitely more so in a country aspiring to remain the world's pharmacy.

## Essential upgrades

### The updates to India's statistical system are welcome, albeit long overdue

The government has, in recent months, implemented several long-overdue but welcome upgrades to India's statistical databases. Wide-ranging, they cover the way the country measures Gross Domestic Product (GDP), industrial production, and price changes at the retail, wholesale, and producer levels. These updates have not only made India's key economic statistics more representative of reality, but have also brought them in line with international best practices. The most basic change across all indices has been the updating of base years. Until recently, the base years for GDP, the Consumer Price Index (CPI), Wholesale Price Index (WPI), and Index of Industrial Production (IIP) were either 2011 or 2012. As such, these measures were significantly outdated and less reflective of reality with each passing year. In February, the Ministry of Statistics and Programme Implementation (MoSPI) released the new series of national accounts data, including GDP, with a base year of 2022-23. The new series incorporates methodological improvements and new data sources, making it more granular and robust. Some of these, such as the double-deflator approach, have long been demanded by statisticians and international bodies, including the IMF.

Similarly, MoSPI had in February also released the new series of the CPI with an updated base year of 2024, a more inclusive basket of items measured, and more accurate weightages. This has enabled a more realistic reading of retail inflation, a key metric in interest-rate decisions. In early June, MoSPI then released the new series of the IIP as well. The base year was updated to 2022-23 and the index's data collection was strengthened. This, too, eventually feeds into more accurate GDP data. The other factor to be highlighted is that the data upgrades have not been limited to just MoSPI. The Ministry of Commerce and Industry also updated its WPI, releasing the new series on Monday. A more accurate WPI and CPI yield a more accurate GDP deflator, which strengthens the way that statisticians derive real GDP growth after having adjusted for inflation. The Commerce Ministry also released a new Producer Price Index (PPI), which is to replace the WPI in five years. A PPI is the standard among developed economies and provides more information about both goods and service price levels at the producer stage. With all these, the IMF is sure to improve the recurring 'C' grade it has given India's national accounts data. These, it is hoped, will also be capped off by a time-bound release of the new Census with no further delays.

# NFHS-6 reveals progress amid nutrition challenges

The recently released National Family Health Survey (NFHS)-6 report presents a mixed progress card for India, offering reasons to cheer while also sending clear signals to pause and reflect. On the bright side, stunting levels (for children under five), which indicate long periods of sub-optimal food intake with other deprivations, have declined from 35.5% to 29.3%. Though a modest decline, any gain is welcome given the complexity of the task that involves strengthening women's access to knowledge and resources, improved water and sanitation, and ensuring access to healthy affordable diets. Wasting levels that indicate whether children have adequate weight for their height, show no change, except for severe forms of wasting. The pattern across indicators makes one thing clear: gains in child nutrition are due to better health-care access, immunisation coverage, maternal education and improvements in housing, water and sanitation, while feeding practices and access to quality diets remain weak and continue to limit progress.

Institutional births have reached 90%, with public health facilities accounting for 58% of births; 91% of deliveries were attended by skilled medical personnel and 95% of mothers were visited at least once by health personnel during the antenatal period.

Equally gratifying is vaccination coverage for children – 87% of children between 12 and 23 months of age are now fully vaccinated. Since private facilities account for only about 3% of vaccinations, the high coverage reflects the strong outreach efforts of frontline workers – Accredited Social Health Activists (ASHA), Anganwadi workers (AWW), and Auxiliary Nurse Midwives (ANM). These national averages hide regional disparities, but access to health services has improved across States.

### Poor feeding practices

Despite the high rate of institutional births, only about 50% of newborns are breastfed within the first hour of life, indicating that the health system must intensify efforts to support early initiation of breastfeeding. About 60% of children between the ages of six to eight months, receive solid/semi-solid food, while only 15% between six to 23 months receive an adequate diet. Improving the timely initiation of complementary feeding and ensuring that all children receive an adequate diet are key to reducing undernutrition. In India, complementary feeding is closely linked to the



**Soumya Swaminathan**

Chairperson, M.S. Swaminathan Research Foundation, and Principal Adviser to the National Tuberculosis Elimination Programme, Government of India



**Rama Narayanan**

Senior Research Fellow at the M.S. Swaminathan Research Foundation

annaprāsana ritual, typically performed between six and 12 months – any delay will result in growth faltering.

A growing and under-explored determinant of child nutrition in India is maternal time poverty. Women perform multiple roles within and outside the home. NFHS-6 reports that about 30% of women engaged in paid work during the past 12 months, but this significantly underestimates their overall work burden. A large proportion of women in informal economies engage in unpaid family labour, in farming/fisheries, livestock care, and domestic chores. There are no clear estimates of the percentage of young mothers with children between six-23 months who are in the work force and there is very little documentation on how women manage child feeding with their other work roles. In many rural areas, in the absence of crèches, women leave their infants and young children with older family members or the child's older sibling (usually a girl), impacting both breastfeeding and complementary feeding, when they are out in the fields.

### The processed food trap

Recent consumer expenditure survey results show that households are spending less on cereals and more on dairy, processed foods and beverages, with the latter two forming a large part of the expenditure. This creates an impression of diversity which is not the same as nutritional adequacy. A nutritionally adequate diet would have to follow the ICMR-National Institute of Nutrition (NIN) food-based dietary guidelines. Unfortunately, for a sizeable section of the population, a nutritious diet consisting of pulses, millets, fruits and vegetables, animal foods and nuts is unaffordable. Processed foods, in contrast, are easily available, ready to eat and packaged in affordable packs.

The first 1,000 days – from pregnancy to a child's second birthday – form the most critical window for healthy physical and cognitive development (most brain growth occurs in the first five years). We need disaggregated data for the 0-2 age group, currently unavailable, as stunting typically peaks during the second year of life and growth faltering often begins much earlier. The Prime Minister's Overarching Scheme for Holistic Nourishment (POSHAN) Abhiyaan programme currently focuses on identification and rehabilitation of severely malnourished children. Prevention of growth faltering must

receive greater priority. Early identification of stagnation in weight or length, with timely counselling and support to mothers, is central to prevention.

### Empowering frontline nutrition workers

Monthly anthropometric data for young children is collected by AWWs. Strengthening their skills in data collection would improve data quality. The huge volume of collected data should be analysed locally and feedback provided to the ASHAs and AWWs for timely action.

For this task, recruitment of a nutritionist and a data analyst at the district level is needed. Where possible, digital tools can be used to supplement in person counselling, by providing both workers and mothers practical information on how, when and what to feed young children at different ages, based on locally available healthy foods.

Behaviour change communication efforts should be culturally grounded, integrating practices such as annaprāsana to reinforce timely and appropriate complementary feeding. Joint capacity building of AWWs, ASHAs, and ANMs in assessing feeding practices and advising families with effective communication materials on improving diets using locally available, affordable foods would enhance the quality of counselling and reduce the risk of undernutrition.

Multisectoral convergence is critical to addressing child malnutrition, yet it remains weak. Child nutrition should be a standing agenda item in Gram Sabha and Panchayat discussions. Local planning must prioritise improvements in Anganwadi infrastructure, safe drinking water, and sanitation facilities, as these foundational services directly influence child growth and health.

Engaging men in childcare, promoting shared domestic responsibilities, and strengthening support to mothers can significantly enhance feeding and caregiving behaviours. Many non-governmental organisations in India have developed crèche models that combine childcare, nutrition and early learning, and can be run by trained local women. From a gender perspective, crèches are not only child development interventions; they are social infrastructure that enables women's economic participation and reduces unpaid care burdens. With coordinated action across sectors and communities, meaningful and sustained progress in child nutrition is entirely achievable.

Better health care alone cannot overcome India's nutrition challenges

# The real barriers to trade are no longer tariffs

Recently, the CEO of a large multinational called to ask whether the upcoming visit of the United States Trade Representative to India could result in tariff rates returning to around 18% or settling at a different level.

Such conversations reflect the extent to which trade negotiations are often viewed through the prism of headline tariff numbers. Yet, in practice, tariff rates are only one part of the picture. The more significant determinants of market access and competitiveness frequently lie elsewhere. This presents an opportunity for India to move beyond a narrow focus on tariff bargaining and instead address the broader set of factors that shape trade outcomes.

When India and the U.S. issued a joint statement in February 2026 agreeing on a framework for an interim trade agreement, the headlines highlighted the obvious: the tariff numbers. The U.S. reciprocal rate cut to 18%. India's pledge to move toward zero duties on American goods. The "\$500 billion" purchase commitment. But the White House fact sheet buried the more consequential admission – that both sides needed to negotiate the removal of non-tariff barriers. The U.S. deploys its own formidable non-tariff barriers arsenal while India has its quality regulations. The tariff headline was the press release. The NTBs on both sides are the actual problem.

For decades, trade diplomacy revolved around tariffs. Governments negotiated reductions in import duties, and success in trade talks was measured in percentage points shaved off customs rates. In today's hyper-regulated global economy, tariffs barely matter. The real obstacles are faced in the laboratory and the law offices through NTBs.

NTBs are the regulations, certifications, licensing rules, and product requirements that goods must meet before entering a market. They include technical regulations, environmental rules, health and safety requirements, packaging standards and testing procedures. Unlike tariffs, which are transparent and easy to measure, these regulatory hurdles operate within the system and exert a far-reaching influence on trade.

### NTBs, the quiet trade weapon

Since the establishment of the World Trade Organization (WTO) in 1995, average tariff rates



**Anuj Gupta**

Managing Director of BowerGroupAsia

among its members have fallen by nearly half, yet governments have not abandoned protectionism. As tariffs declined, NTBs surged. Today, they affect around 90% of global trade – a sixfold increase over the past three decades.

The regulatory landscape has expanded just as rapidly. More than half of the 20,000 global product and safety regulations introduced over the past 70 years have emerged since 2000, creating a dense web of overlapping rules that complicates cross-border commerce and raises compliance costs, particularly for smaller exporters. The WTO itself reflects this shift. In 2025 alone, governments submitted over 7,700 notifications of NTBs and health-related trade measures, 10 times more than in 1995.

Among major economies, the European Union (EU) is the most extensive user of these regulatory tools. According to the World Trade Organization and World Bank data, non-tariff measures cover roughly about 94% of imports entering the EU, compared with about 77% in the U.S. and nearly 45% in India. Each major economy deploys these barriers differently. The EU has built the world's most expansive regulatory architecture for trade, with NTBs concentrated in environmental rules, chemical safety regulations, product standards, packaging requirements and climate-related policies such as the Carbon Border Adjustment Mechanism and the EU Deforestation Regulation. These rules are justified as protections, often acting as powerful filters on trade.

The American NTBs are driven by strategic competition, security concerns and technological dominance. Export controls, entity lists and restrictions on semiconductors, AI chips and advanced computing hardware increasingly limit rivals' access to critical technology supply chains. India has traditionally relied more on tariffs, but this is changing. As part of its industrial strategy, New Delhi is expanding quality regulations on imports of electronics, machinery and chemicals to boost domestic manufacturing and reduce dependence on external supply chains.

### The Indian experience

India's own FTA record makes the point sharply. The Association of Southeast Asian Nations (ASEAN)-India agreement has been in force since 2010, yet preferential tariff utilisation among Indian businesses remains below 50%, largely

because non-tariff barriers (NTBs) make claiming these benefits commercially impractical. Indonesian registration requirements restrict Indian pharmaceutical exports, while Thai customs procedures force gems and jewellery exporters to reroute shipments through Hong Kong. Tariffs have fallen, but trade barriers remain.

Japan and South Korea tell a similar story. Despite an FTA with Japan since 2011, Indian pharmaceutical exports remain negligible because market approvals can take five to seven years and Japan has resisted recognising international testing standards. With South Korea, bilateral trade reached \$27 billion in 2024-25, but India accounted for only \$6.5 billion. Overall, India's FTA utilisation rate is about 25%, compared with 70%-80% for developed economies. The agreements existed on paper; the barriers remained in practice.

### The next frontier of trade

This does not mean abandoning legitimate environmental or consumer protections, but regulatory systems must be transparent and proportionate. Otherwise, they risk fragmenting global markets at precisely the moment when supply chains are being re-organised.

India's newer agreements signal a genuine shift. The United Arab Emirates Comprehensive Economic Partnership Agreement explicitly mandates automatic recognition of medicines approved by major global regulators, and requires mutual acceptance of laboratory testing that eliminates duplicate compliance costs. The India-European Free Trade Association Trade and Economic Partnership Agreement, in force since October 2025, goes further with mutual recognition of standards, streamlined conformity assessment, and a dedicated sub-committee mandated to address NTBs on an ongoing basis. For the first time, NTB reduction is a legally binding obligation.

The politics of trade still talks about tariffs. The economics of trade has already moved on. In the 21st century, the real barriers are regulatory. If the West wants a serious economic pivot to the east, addressing those barriers will matter far more than cutting tariffs ever did.

*The views expressed are personal*

## LETTERS TO THE EDITOR

### American ambiguity

The United States appears to be sending mixed signals once again – downplaying India's global importance while simultaneously praising the Indian Prime Minister. The killing of three Indian sailors in the Gulf and reports of the Pentagon dropping "Indo" from the Pacific command name have further fuelled

questions about the reliability of U.S. commitments. India must always maintain a contingency plan and be prepared for any eventual shift in American policy unexpectedly. It is also important to seek clarity on what exactly is meant by the statement that the "U.S. will help India under Prime Minister Modi's

leadership if it comes under attack".

**Govardhana Myneedu,**  
Vijayawada, Andhra Pradesh

### Wildlife management

Animal welfare groups have objected to the culling of wild boars, especially in parts of Kerala. However, they must also recognise the extensive damage these animals cause to crops and

the risks they pose to human life. Many of those opposing the measure may not have experienced these challenges first hand, particularly in areas where human-wildlife conflict is acute.

Rather than imposing a blanket policy of indiscriminate culling, authorities should prioritise intervention in regions

where the problem is most severe. At the same time, the growing populations of predators such as tigers and leopards require careful management to prevent escalating conflicts with humans.

Animal welfare groups and experts must strike a balance between conservation goals and the legitimate concerns of

affected communities. Ultimately, protecting human lives and livelihoods must remain a central consideration in wildlife management policies.

**J.K. John,**  
Thrissur, Kerala

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# Is India producing more graduates than what the economy can absorb?



**Rajan Wadhera**

Former President, Automotive Sector, Mahindra & Mahindra

**PARLEY**

India is witnessing an unprecedented expansion in higher education. Over the past decade, thousands of new colleges and universities have been established, producing millions of graduates every year. Yet unemployment of the educated remains a growing concern. Nearly one in three graduates are unemployed. Is India producing more graduates than what the economy can absorb? Rajan Wadhera and O.R.S. Rao discuss the question in a conversation moderated by M. Kalyanaraman. Edited excerpts:



**O. R. S. Rao**

Chancellor, ICFAI University, Sikkim

**Is India producing more graduates than the economy can absorb?**

**O.R.S. Rao:** The numbers point to a widening gap between the growth in graduates and the growth in jobs. In engineering alone, the number of graduates has risen sharply over the past few years while job creation has not kept pace. Earlier, the IT services sector was the principal employer of engineering graduates. Today, hiring by IT services firms has slowed considerably, even though sectors such as banking and financial services, manufacturing, defence and space technologies have expanded their recruitment. The challenge is that these new opportunities have not grown fast enough to absorb the increasing number of graduates entering the labour market.

A second issue is the nature of investment. Much of the recent investment in sectors such as semiconductors, advanced manufacturing and technology has been capital-intensive rather than labour-intensive. As a result, large investments do not necessarily translate into proportionate job creation.

**Has AI made the problem worse?**

**ORSR:** We are in the middle of a major technological transition. AI is changing the nature of work much faster than how educational institutions can adapt. Companies now want graduates who can work with AI systems, validate AI-generated outputs, understand responsible and ethical AI use, and solve complex problems using technology. Four years ago, when many of today's graduates entered college, these skills were not widely discussed. Universities cannot redesign programmes overnight, and students cannot acquire entirely new competencies instantly.

As a result, many graduates are entering a labour market that demands skills different from those they were trained for.

**Is employability more important than just**



**Keeping up:** Candidates who came for a mega job fair at the Government Engineering College in Thrissur in 2025. NAJEEB K.K.

**job creation?**

**Rajan Wadhera:** There is certainly a growing concern about employability, particularly among engineering graduates. The problem is often a mismatch between what is taught and what the industry requires. Students may graduate with strong academic credentials but have limited exposure to laboratories, manufacturing environments, teamwork and real-world problem-solving. When they enter the industry, employers frequently find that they need substantial additional training in order to contribute effectively. Companies run their own training programmes to bridge this gap. This was far less common a few decades ago.

**Has manufacturing failed to create enough opportunities?**

**RW:** Manufacturing still has considerable potential, but it too is undergoing profound change. People often focus on the impact of AI on software jobs, but manufacturing is also being transformed by automation, robotics, and Industry 4.0 systems. Historically, a large number of engineers were employed in supervisory and operational roles on factory floors. Today, many of those functions are automated. Digital manufacturing systems require fewer people to oversee production processes. As a result, the number of engineering jobs generated by manufacturing is not increasing at the pace many people expected. Even as factories expand output, they often require fewer workers and supervisors than before.

**Does that mean the future is one of permanent jobless growth?**

**RW:** I would not go that far. India's push towards self-reliance in sectors such as defence,



Students may graduate with strong academic credentials but have limited exposure to laboratories, manufacturing environments, teamwork and real-world problem-solving

RAJAN WADHERA

aerospace and advanced manufacturing is creating new opportunities. There is increasing emphasis on domestic design and product development, and that is encouraging. The challenge is that automation and digitalisation are reducing labour requirements even as industries grow. Therefore, employment growth may not automatically match economic growth. This makes it even more important for educational institutions and industry to work together. Curricula needs to be aligned much more closely with industry requirements.

**Has India focused too much on manufacturing and too little on innovation?**

**ORSR:** Over many years, India became increasingly proficient at manufacturing products designed elsewhere; manufacturing alone does not create enough opportunities for highly trained engineers. The real value lies in research, development and design. Countries that control intellectual property and technology create far more opportunities for engineers than countries that simply manufacture products. Recent global developments have reinforced this lesson. Increasing restrictions on access to critical technologies such as semiconductors and strategic components have shown that excessive dependence on external technologies carries risks. India therefore needs to invest much more aggressively in indigenous research, innovation and product development.

**Has India made progress in indigenous design capabilities?**

**RW:** It would be incorrect to say that India remains only a manufacturing base. Over the last decade, companies such as Mahindra and Tata Motors have developed significant design and engineering capabilities. Indian engineers today are designing vehicles, platforms, transmissions and other complex systems that would previously have been developed elsewhere. The issue is not whether these capabilities exist. The issue is scale. The number of high-quality engineering graduates being produced is larger than the number of advanced R&D and design roles currently available.

**What role should entrepreneurship play?**

**ORSR:** Neither government nor industry can create enough jobs for every graduate. We need more graduates to become creators of enterprises rather than only seekers of employment. One major challenge is access to risk capital. Traditional lenders prefer established businesses and proven revenue streams. Innovation, however, requires investors willing to support ideas at an early stage. India's startup ecosystem has made significant progress, but much more needs to be done to support deep-technology ventures.

**What should India focus on in the AI era?**

**ORSR:** India should focus not only on infrastructure but also on products. There is a significant need for sovereign AI as nations with those systems seek to restrict access. Product companies create intellectual property, innovation and high-value employment. The goal should be to develop products not only for India but for global markets. We should identify strategic areas where India can become a global leader. UPI's success demonstrates that India is capable of building world-class digital platforms.

**What needs to change in higher education?**

**ORSR:** Industry-academia collaboration must become much deeper. Universities cannot design relevant programmes without industry participation, and industry cannot expect job-ready graduates without contributing to curriculum, internships and skill development.

**Looking ahead, what are the priorities?**

**ORSR:** Three priorities stand out. First, India must significantly increase investment in research and development. Second, industry and academia must work together much more closely. Third, we need a stronger entrepreneurship ecosystem that encourages innovation and supports risk-taking.

**RW:** I would add that India must continue building indigenous capabilities in design, engineering and advanced manufacturing. The opportunities are real, particularly in sectors such as defence and aerospace. The challenge is ensuring that education, industry and policy move in the same direction.



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**NOTEBOOK**

## Free media cannot be free

Mainstream media needs subscription-model based revenue in order to remain as a credible source of information

Varghese K. George

The horizontal flow of information across peers on Social Media (SM) is turning out to be more impactful than its vertical flow from a source of authority to the mass audience, as it happens through Mainstream Media (MSM). SM has on the one side democratised information and held authorities accountable, but on the other hand it has created an information anarchy that generates social and political chaos. This crisis, and state attempts to manage it, is evident in the ban on the Telegram app. Public awareness about the NEET question paper leak and issues related to the evaluation of CBSE answer sheets – and reactions to them – were largely shaped by social media. Some students who were directly affected figured out and explained the issues much better than MSM; but in parallel, tons of misinformation also got circulated, creating panic.

This information crisis is evident to all, but nobody has figured a way out of it. Among the critical responses to the situation must be a restoration of the professionalism and independence of MSM, which is impossible without a robust business model. The present crisis is that the public berates MSM but trusts SM forwards from any source – free rubbish. MSM has to recreate itself in such a manner that the public not only trusts it, but also pays for the information and analysis that it provides. And people who lament the fall of MSM must commit to pay for news, and put their money where their mouth is.

MSM platforms and journalists have been trying to imitate SM in creating polemics and polarising content in order to beat it. They no longer seek to fulfil the traditional role of being an independent mediator of information for the public good; instead, they seek to profit from the prejudice and ignorance of the public, which is anyway being inflamed by SM. In this manner, SM and MSM are both contributing to the chaos. Nearly all MSM media houses are seeking to imitate business models built around reels, personality cults, tantalising clickbait, algorithmically dri-

ven advertisement models, and also by piggybacking on Big Tech, which is controlling technology and capital at an unprecedented rate. All this will only hasten the decline of MSM.

What appears to be a good sign for MSM is an apparent, though only partial, realisation across political, business and state actors that MSM has a critical role to play in social stability and good governance. While the practice of bypassing MSM to avoid scrutiny will certainly continue, managing governance requires a trusted MSM. During Operation Sindoor this fact was evident, when channels behaved like SM trolls and created a diplomatic embarrassment for the country. The current controversies around exams could have been better managed if there had been proper communication between the government and the public. Before SM, the practice of beat reporting ensured that authorities would explain their plans and set out what students, teachers and other stakeholders should expect when a policy was rolled out. The deliberate weakening of such communication between the government and the public may help avoid accountability, but it also creates governance crises.

This is hence an opportunity for MSM to reimagine itself. What it needs is a business model in which the user pays – that is both a market imperative and a democratic one. Instead of playing defence against SM and Big Tech – which have already decimated conventional advertisement-driven media – and seeking crumbs from the very forces that are destroying it, MSM must assert its role, function and value, both in terms of social impact and money. Consumers should be paying for news, for news to remain credible. Those who consume free information are paying a huge price for it in terms of social and political impact – and in many cases at a personal level too. For instance, those who adopt quick health fixes obtained from SM can end up in serious medical situations. Media is, and can only be, free when the user is paying for it.

[varghese.g@thehindu.co.in](mailto:varghese.g@thehindu.co.in)

**PICTURE OF THE WEEK**

### Under a cloud



**Looming presence:** People walk along the Marine Drive as dark monsoon clouds gather overhead in Kochi on June 17. However, with the southwest monsoon stalled over southern Maharashtra, India has had a nationwide rainfall deficit of 41% between June 4 and June 18, according to the latest India Meteorological Department data. H.V.BHU

**FROM THE ARCHIVES**



FIFTY YEARS AGO JUNE 19, 1976

### Gold ore shoots found near KGF

Bangalore, June 18: Some gold ore shoots in the neighbourhood of the Kolar Gold Fields in Karnataka have been located by both the Geological Survey of India and the Bharat Gold Mines Limited.

The GSI has been exploring the area for nearly three years and it has now located an ore shoot of 200 metres strike length at a depth of about 150 metres. Further

exploration underground in the 25th level (1,600 feet below the surface) showed indications over a strike length of one kilometre.

This find has aroused hopes of locating some ore shoots which are likely to extend the life of the KGF mines, the Union Deputy Minister for Steel and Mines, Mr. Sukhdev Prasad told a press conference.

The Bharat Gold Mines (BGML), in the course of surface exploration, has found a similar ore shoot in the nearby Bisanattam area in Karnataka. It is hoped that further exploration may result in the location of ore shoots which may ultimately lead to the opening of a new mine.

A HUNDRED YEARS AGO JUNE 19, 1926

### South Indian epigraphy

The annual report on South Indian Epigraphy for last year, which has been published, although not remarkable for any outstanding discoveries or contributions to our knowledge of ancient history has still much information that should be of great interest to the general reader as well as to the student of Indian history. It is a hopeful sign that the department should have woken up to the destructive vandalism that has been the cause of the loss of many invaluable records in temples and other places of worship.

# Text & Context

THE HINDU

**NEWS IN NUMBERS**

**Amount sought by UN food agencies to shield people from El Niño**

**202** million dollars. The UN's Food and Agriculture Organization and World Food Programme on Thursday appealed for \$202 million to help protect 8.8 million people across 22 high-risk countries from the El Niño weather pattern. El Niño may raise drought, flood and storm risks across several regions, FAO and WFP said. REUTERS

**Ration cards to be issued after deleting ineligible entries**

**3** crores. Union Food Minister Pralhad Joshi on Thursday said there is scope for issuing nearly 3 crore more ration cards to eligible beneficiaries after some States removed 2.21 crore ineligible holders from PDS lists. Addressing the launch of a smart warehousing system, he said the deletions were carried out by States following their own criteria, not by the Centre. PTI

**Dip in Saudi tourism this year because of Iran-U.S. conflict**

**5-6** in percent. Saudi Arabia's tourism sector slowed by 5% to 6% in the first five months of 2026 compared to last year because of the Iran war, Tourism Minister Ahmed Al-Khateeb told the FII PRIORITY Europe summit. He added that Saudi Arabia was able to hedge the impact of the war on travel because of religious tourism. REUTERS

**Amount to be disbursed under PM-VBRY on Friday**

**2,400** ₹ crore. Prime Minister Narendra Modi will disburse ₹2,400 crore through Direct Benefit Transfer to over 15 lakh beneficiaries under Pradhan Mantri Viksit Bharat Rojgar Yojana (PM-VBRY) on Friday, Union Minister Mansukh Mandaviya said. Mr. Modi will disburse the funds during an event at Vigyan Bhawan, New Delhi. PTI

**Number of schools which had registration cancelled in U.P.**

**465** The U.P. Board has cancelled the recognition of 465 schools for the sessions 2024-25 and 2025-26, citing that the recognition granted to school is deemed cancelled under provisions of the Intermediate Education Act if no student appears for exams or classes are not conducted for two years. PTI

COMPILED BY THE HINDU DATA TEAM

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## What is Kerala's risk profile for Nipah?

How do ecological and human factors intersect in driving spillovers? Will it be possible to prevent recurrent spillovers events? What has Kerala learnt from the multiple outbreaks? What makes Kerala's Nipah response effective in containing outbreaks? Why is Nipah classified as a high-threat pathogen within Kerala's zoonotic landscape?

**EXPLAINER**

C. Maya

**The story so far:**

**K**erala's first encounter with Nipah virus (NiV) was in 2018, which identified 23 cases (including 18 lab-confirmed ones). The case fatality rate was 91% and there were two survivors. Since then, Kerala has recorded numerous spillovers of NiV.

In 2019, a lone case was identified in Ernakulam and the person survived the infection. In 2021, a 12-year-old boy was detected with the infection in Malappuram. In 2023, Nipah resulted in a cluster of six cases in Kozhikode. Two single cases each were reported from separate spillover events from Malappuram, in July and September in 2024. In 2025, four cases of Nipah were reported from two districts, Malappuram and Palakkad and epidemiological investigations reported that none of these cases appeared to be linked to each other, suggesting independent spillover events from the natural reservoir.

NiV has resurfaced again in Kozhikode now and a 43-year-old, who tested positive for the virus, is battling for life at Kozhikode Medical College.

**Why is Nipah recurring in Kerala?**

Research has consistently identified the Indian flying fox bat (*Pteropus medius*) or the fruit bat as the natural reservoir of Nipah virus in Kerala. Serological studies and viral detection in bats have shown that the virus is circulating in bat colonies in the State, particularly in northern districts.

In the 2018 Kerala outbreak, about 25% of the sampled bats were found to be positive for Nipah viral RNA and in subsequent events too, bat samples had revealed the presence of NiV.

The *Pteropus* species are found across the State and very near human settlements. A mapping study of bat-roosting sites by Kerala Forest Research Institute's Department of Wildlife Biology had found that almost all of the roosts were near human habitats, increasing the risk of zoonotic exposure.

**Why is Nipah spillover risk highest in Kerala between April and September?**

The recurrent NiV spillovers in Kerala with fair regularity suggest that the virus has established itself in the environment. The peak Nipah virus spillover risk in the State is from April to September, when the abundance of seasonal fruit-laden trees, increased bat foraging activity, bat breeding season and viral shedding dynamics coincide, increasing the risk of human exposure. This pattern has not changed in Kerala since the very first outbreak.

Because of the perennial natural virus reservoir in the State, it might not be possible to prevent recurrent NiV spillover events in Kerala.

**What makes Kerala particularly vulnerable to zoonotic diseases?**

It is the convergence of ecological, demographic, climatic factors and increased human-wildlife interface that makes Kerala a special lab for zoonotic diseases.

The Western Ghats, which stretches along the State's eastern flank, is one of the world's richest biodiversity spots and the tropical rainforest climate sustains



**Renewed alert:** Nipah virus has resurfaced in Kozhikode now, with a 43-year-old patient battling for life at the Government Medical College Hospital. A security guard installs a warning board outside Nipah isolation ward at the hospital on June 11, 2026. K.RAGESH

**The WHO has warned Kerala to be on the vigil about some high threat pathogens**

several hundred species of birds, reptiles and mammals. But only about 1,60,000 sq. km of this rich biosphere is formally protected. The high population density in Kerala and the increased presence of human settlements, plantations, and agricultural lands immediately adjacent to and along the forest fringes increases the opportunities for human-wildlife interactions and facilitates exposure to novel pathogens.

Scientific literature links emerging zoonoses to deforestation, habitat fragmentation, urbanisation and agricultural intensification. When wildlife habitats are disturbed, the animals are forced into closer contact with human settlements and cultivated food sources. Scientists also warn that climate-related ecological disruptions could be important contributors to future spillover risk in the case of Nipah.

Nipah is just one among Kerala's broader zoonotic risk profile, which includes other pathogenic diseases like Kysanur Forest Disease (KFD), leptospirosis, scrub typhus, Japanese encephalitis, West Nile fever, rabies and avian influenza.

The World Health Organisation (WHO) has warned Kerala to be on the vigil about some high threat pathogens (HTPs) – Nipah, Avian Influenza (H5N1) and KFD – which have a high mortality profile and high transmissibility with pandemic potential. Nipah has been classified by the WHO as a priority pathogen because of its lethality, unpredictability and its alarming

potential to cause widespread outbreaks or even the next pandemic.

**How is Kerala responding to the recurrent threat of zoonotic events like Nipah?**

The recurrent spillover incidents in Kerala has primed the health system about the importance of sharp and coordinated disease surveillance, rapid pathogen identification and containment efforts to ensure that human-to-human transmissions do not occur, resulting in a wide outbreak.

The 2018 brush with Nipah took the health system by surprise. Of the 23 cases identified in the outbreak, only the index case had contracted the infection in the community. All the remaining cases were due to nosocomial transmission (the spread of pathogens within healthcare facilities) in three different hospitals.

Kerala used the 2018 experience as an opportunity to develop a clinical algorithm for all emerging viral infections at tertiary care levels, strengthen diagnostic and research capacities and augment standard infection control practices in hospitals. Clinicians in the State have become adept at maintaining a high index of suspicion when they encounter unusual cases of acute encephalitis syndrome and to watch for clustering of cases.

The State now has a stringent system for monitoring all acute encephalitis cases of unknown etiology, screening of severe respiratory infections as well as early lab confirmation and detection of pathogens through its expanded Virus Research and Diagnostic Laboratory (VRDL) networks and intensive health emergency management measures.

In all its Nipah outbreaks, the health system's public health response has demonstrated that it can rapidly identify

the index case and swiftly contain the event. After the initial event, human-to-human transmission has occurred only once in 2023.

**How is Kerala strengthening its preparedness against recurring Nipah outbreaks?**

The recurrence of Nipah in Kerala and the State's swift public health response every time has been a demonstration of the resilience of the State's health system. With the State harbouring a natural reservoir of Nipah virus and a perennial risk of virus spillovers, the Health department's focus has been on creating community awareness about the situation so that the bat-human interface is reduced.

As part of its 'One Health' strategies, it has developed a massive community-based surveillance network supported by over 2.5 lakh trained volunteers at the grassroots, who track and report unusual disease trends, including unusual animal or bird deaths, to enable early detection of zoonotic outbreaks such as Nipah and Mpox.

In 2023, the State set up the One Health Centre for Nipah Research and Resilience at Kozhikode, which has been focusing on building community awareness, resilience and capacity to minimise spillover events and to mount a swift response to any such events.

It has documented every single outbreak in Kerala and prioritised Nipah research for the future, focusing on disease epidemiology, sero surveillance studies and host factors research.

The State government, along with National Institute of Virology (NIV), is also involved in a project to develop indigenous monoclonal antibodies against Nipah, specific to the Bangladesh strain of NiV circulating in Kerala.

**THE GIST**

▼ A mapping study of bat-roosting sites by Kerala Forest Research Institute's Department of Wildlife Biology had found that almost all of the roosts were near human habitats, increasing the risk of zoonotic exposure.

▼ Kerala used the 2018 experience as an opportunity to develop a clinical algorithm for all emerging viral infections at tertiary care levels, strengthen diagnostic and research capacities and augment standard infection control practices in hospitals.

▼ With the State harbouring a natural reservoir of Nipah virus and a perennial risk of virus spillovers, the Health department's focus has been on creating community awareness about the situation so that the bat-human interface is reduced.

IN THE LIMELIGHT



**Landmark leap:** A still from the movie *Boong*, which was the first Indian film to win a prestigious BAFTA award, the British equivalent of the Oscar, in the children's film category in 2026. SPECIAL ARRANGEMENT

# Silent scream that lingers: *Boong's* quiet reckoning with patriarchal injustice

Beyond the engaging drama of a boy's longing for his long-missing father, the film touches upon the complex gender dynamics of Manipuri society; it also compels viewers to pause and reflect on the deeply embedded patriarchal structures, urging much-needed social introspection

Pradip Phanjoubam

The Manipuri movie *Boong* written and directed by Laxmipriya Devi and co-produced by Farhan Akhtar, was understandably celebrated in Manipur for its cinematic brilliance, and for the pride it brought the place, after all it was first Indian film to win a prestigious BAFTA award, the British equivalent of the Oscar, in the children's film category in 2026. I watched it with my family on the third day of its theatrical release in Imphal.

Beyond the engaging drama of a boy's longing for his long-missing father, and the intimate glimpses his search offers into the complex and emotionally fragile inter-community relationships in multi-ethnic Manipur, the film also struck a deeper, raw nerve among the Manipuri audience.

As the show ended and lights flooded back into the theatre, there was a palpable sense of catharsis – the kind that good performing arts leave behind. Yet, some women remained seated, quietly wiping off tears, taking a few extra moments to regain composure before rising to join the rest of the audience.

Manipur's gender equation reality is complex. At one level, women have historically been at the forefront of many social, economic and political upheavals. Across both the hills and the valley, exclusive women-run markets thrive, and in the agrarian economy, men and women function as equal partners. The fact that the director of *Boong* is a woman reflects this sinew of gender empowerment too.

The Meira Paibi movement amongst Meiteis, which also manifests under different nomenclatures amongst hill communities, is the most prominent alibi of Manipuri women's well-deserved image as social torchbearers.

During the colonial period, in 1904 and again in 1939, women rose to protest against British policies, ultimately forcing their withdrawal. These uprisings are now commemorated as *Nupi Lan* or women's war.

The first was against the forced labour of Manipuri men to rebuild the British Residency in Imphal, which had been gutted in an arson attack by disgruntled elements; the second opposed the large-scale export of rice from the State to support the British World War II effort, which led to severe shortages for local consumption.

**Patriarchy persists**

Despite this, there are strongly entrenched gender oppressive patriarchal norms which have persisted. This is especially true among Meiteis, who continue to carry the albatrosses of a feudal past. Polygamy is arguably the most troubling.

The practice persists since it is normalised, even though not encouraged. This is particularly common among the elite section, where keeping mistresses or even taking more than one wife, is not uncommon. Many of Manipur's current set of Ministers and MLAs would be guilty of this despicable feudal legacy.

The hurt and humiliation endured by women who suffer this fate are profound. Even those who are spared often live with anxiety over the vulnerability of their

daughters and loved ones. As the practice has become normalised within society, this deeply gendered anguish largely remains invisible.

Women often become gatekeepers of the patriarchal order that oppresses them, reflecting what Frantz Fanon characterised as the silent desire of the oppressed to emulate their oppressors. Hence, even women vigilantes tend to overlook men who betray marital fidelity, accepting it as destiny. However, if a woman were to make this breach, these same vigilantes often become the harshest moral police.

Change, however, may not be too far away. Although, no study has yet established a connection, rising cases of divorce among younger Meiteis may be a herald of Fanon's "mailed fist".

In the spirit that good art is hiding good art, *Boong* succeeds in drawing up a non-dogmatic but piercing portrayal of this inherent gender injustice. Boong's father, Joykumar – a carpenter and timber trader played by Hamom Sadananda – works along the India-Myanmar border, in the town of Moreh and the neighbouring township of Tamu in Myanmar.

At some point, the family loses contact with him and for a prolonged period. Many presume he is dead or has joined the insurgents, but the family refuses to give up. Boong, or Brojendro, played by Gugun Kipgen, yearns to find his father and bring the good news to his mother Mandakini, played by Bala Hijam.

On one occasion the boy dupes his mother that his school was organising a 2-day school excursion to Ukhrul district and would like to be part of the tour. He then slips away to make a trip to Moreh

instead. His bosom friend, a Manipuri Marwari, Raju Agarwal, played by Angom Sanamatum, follows him there out of concern. The families of the boys learn of the trip but too late. The two boys' adventure is thrilling. Boong traces his father in Tamu, but to his horror, discovers that he has remarried and has a daughter.

The final scene is powerful. Boong finds his mother, on crutches after a scooter accident, waiting for him at their courtyard. Both know the truth – and both know that the other knows. The boy tells his mother bluntly "Baba is dead". The camera then closes in on her. She pauses a while before asking in resignation, "Is he doing well?" Boong replies, "Yes" and hugs her.

Bala's breathing deepens; her face reddens, and her eyes well up. She is forced to confront what she had long suspected but tried not to believe. Not a word is spoken, yet her tearing pain, numbing humiliation, and seething anger surface – along with a quiet resolve to remain standing for the sake of her son.

For those sensitive enough to hear it, her silent, agonised scream is deafening. For many others who have endured this betrayal themselves, or have witnessed loved ones suffer it, Bala's silent scream becomes their own.

Powerful as this portrayal of an invisible oppressive order is, life may well settle back into its old, abnormal normal. Yet, for many, Bala's silent scream affirms that *Boong* is, at its heart, a desperate appeal for social introspection.

Pradip Phanjoubam is Editor, Imphal Review of Arts and Politics, and the author of two books.



FROM THE ARCHIVES

## Know Your English

S. Upendran

**How is the word "blasé" pronounced? (A. Karthik, Nagpur)**

The "a" in the first syllable is pronounced like the "a" in "bath", "path", and "calf". The "e" is like the "ay" in "day", "bay", and "say". The "s" is pronounced like the "z" in "zebra", "zoo", and "zip". As for the main stress, some dictionaries have it on the first syllable, while others have it on the second.

When you are blasé about something, you are not excited or worried about it; though those around you may find it exciting or important, etc. Of course, this impression that you create that you are bored and not excited could be just an act! Here are a few examples.

When Shyam's parents heard that he had won two million dollars, they were excited. But he was very blasé about it.

Unlike her father, Sushmita is very blasé about parties.

**Why is a person who helps deliver a child called a "midwife"? (S. Bakthavatsalam, Chennai)**

There are several theories about the origin of the word. Some argue that the word "mid" stands for "middle"; the midwife was a go-between the child and the mother! Considering the fact that we live in an age when we need middlemen for everything, this explanation may appeal to many. Unfortunately, it is not accepted by the pundits.

An explanation that is accepted by many is the following. The word "wife" (though it was spelt "wif" originally), I understand, in Old English meant "woman". In fact, the original word for "woman" was "wifman" – "wif" meaning "woman" and "man" meaning "human being". The word "mid" comes from the Old English "mid" meaning "with". So, a "midwife", as you can probably guess, was a "woman" who stayed "with" the mother and helped her deliver the child.

**What is the meaning and origin of the expression "show a leg"? (L. Mukund, Kozhikode)**

When you tell someone to "show a leg" what you want him/her to do is to get out of bed. Instead of telling someone to "wake up", you can tell him/her to "show a leg" or "shake a leg".

The idiom has its origins in the British navy. Before 1840, when the rules were fairly lax, sailors were sometimes permitted to take their wife/girlfriend along with them. While the sailors were expected to report for duty early in the morning, the wives/girlfriends were allowed to sleep on in the quarters down below. To ensure that a lazy sailor was not sleeping downstairs, an officer went down to check. Whenever he came across someone sleeping and wasn't really sure if it was a man or a woman under the covers, he used to shout, "show a leg". The person under the blanket had to stick his/her leg out. If the leg that emerged looked like that of a woman's, she was allowed to sleep, but if it looked like that of a man's, he was asked to get out of bed and report for duty.

So originally when someone asked you to "show a leg", all you had to do was to show him/her your leg! As time went on, this idiom which was mainly used in the navy, became a part of everyday speech as well.

Published in *The Hindu* on January 9, 2001

THE DAILY QUIZ

Here is another quiz to test your FIFA World Cup knowledge

N. Soorya Prakash

**QUESTION 1**  
Which was the first World Cup to be held outside Europe and Americas and who hosted it?

**QUESTION 2**  
Which World Cup final is called as the "Miracle of Bern" and why?

**QUESTION 3**  
Who holds the record as the oldest to score a goal in World Cup history?

**QUESTION 4**  
Who holds the record for scoring the most number of goals in a single edition of World Cup?

**QUESTION 5**  
Prior to Golden Glove award, what was the name of the trophy given to the best goalkeeper of a World Cup tournament?



**Visual question:** Identify and connect the two players with their unique feat World Cup history? AFP

**Answers to the previous day's daily quiz:**

- This U.S. President signed a declaration of war against Britain, initiating the War of 1812, which arose from U.S. grievances over oppressive maritime practices during the Napoleonic Wars? **Ans: James Madison**
  - Which English musician, born on this day, gained global fame with the Beatles? **Ans: Paul McCartney**
  - The SALT II treaty was signed by which two countries? **Ans: The U.S., Soviet Union**
  - On this day in 1940, which French General, broadcasting from London, after France fell to the Nazis, appealed to his compatriots to continue World War II under his leadership? **Ans: Charles de Gaulle**
  - Where did British explorer and mountaineer George Mallory, born on this day in 1886, disappear? **Ans: Mount Everest**
  - This American suffragist was fined after being convicted for voting in the 1872 presidential election, though she refused to pay it. **Ans: Susan B. Anthony**
  - Identify this person. She became the first American woman to fly into outer space in 1983. **Ans: Sally Ride**
- Early Birds**  
Abhay Krishnan | Prithvi Chouhan | Yashica | Prem Nath Tiwari | Alisha Yadav

Please send in your answers to [dailyquiz@thehindu.co.in](mailto:dailyquiz@thehindu.co.in)

Word of the day

**Cynosure:** something that provides guidance; something that strongly attracts attention and admiration

**Synonyms:** focus, spotlight

**Usage:** Her dedication to charity work has become the cynosure of her entire career; Dressed in a stunning red gown, the bride became the cynosure of all eyes at the reception.

**Pronunciation:** newsth.liv/cynosure

**International Phonetic Alphabet:** /sɪn.ə.zjuə/

For feedback and suggestions for Text & Context, please write to [letters@thehindu.co.in](mailto:letters@thehindu.co.in) with the subject 'Text & Context'

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The Shiv Sena's crisis is a warning to every regional party  
— *Mrudul Nile*  
Log on to [www.indianexpress.com](http://www.indianexpress.com)

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## Look beyond winners & losers in US, Iran

**T**HE ISLAMABAD Memorandum of Understanding, signed remotely on Wednesday by US President Donald Trump and his Iranian counterpart, Masoud Pezeshkian, has triggered astonishment across the world. Critics in Washington argue that the agreement offers substantial upfront concessions to Tehran while leaving Iran's most consequential commitments to future implementation. The contrast between Trump's earlier rhetoric of "unconditional surrender" and the eventual outcome has fuelled criticism within his own political coalition. The backlash is not confined to the US. In Israel, Prime Minister Benjamin Netanyahu, who had nudged Washington into the war, confronts a major political setback. Less discussed are the implications for America's Arab partners in the Gulf, caught in the crossfire. If the MoU evolves into a broader rapprochement between Washington and Tehran, its long-term consequences for the Gulf could be positive and profound. The agreement reflects a recognition in Washington that a prolonged confrontation with Iran carries high costs. Energy uncertainty, pressures on the global economy, and concerns about domestic political consequences appear to have reinforced the case for diplomacy in Washington. Whatever the criticisms of the deal, Trump has demonstrated the will to step back from escalation. Whether he has the political wits to manage the domestic and international consequences of this shift remains to be seen.

In India, the debate should move beyond questions of winners and losers. That Iran successfully leveraged its strategic position around the Strait of Hormuz does not mean the broader balance of power has shifted decisively against the US. More significant is the possibility that Washington and Tehran may be exploring a new grand bargain after nearly five decades of hostility. Trump has spoken in unusually conciliatory terms about Iran's future place in the global economy if it abandons the pursuit of nuclear weapons. Important voices in Tehran are also signalling the need for a new direction. Iranian Parliament Speaker Mohammad Ghalibaf has argued that Iran must focus more on national economic development and less on perpetual regional confrontation. If such sentiments gain traction, they could create the foundations for a broader accommodation between Iran, the US, and Tehran's Arab neighbours.

Peace between Washington and Tehran, and a reduction of tensions between Iran and the Arab states, would help stabilise India's western neighbourhood, strengthen energy security, improve regional connectivity, and expand opportunities for trade and investment across the Gulf. Prime Minister Narendra Modi was right to welcome Trump's efforts to end the crisis. A more stable Gulf could become the foundation for greater cooperation between South Asia and the wider Middle East — a strategic outcome that would serve India's long-term interests.

## In West Bengal, vendetta politics must end

**I**N THE months since the BJP's historic victory in West Bengal, an unsettling spectacle has become a recurring feature of public life. Arrested TMC leaders, including local strongmen such as Akash Singh and Jahangir Khan — the latter known for his proximity to senior TMC leader Abhishek Banerjee — have been marched through their former strongholds by police and paramilitary forces in restraints and made to perform public acts of penance. While the Calcutta High Court has expressed concern and sought a report from the government on the short shrift given to due process, investigating agencies have defended them as necessary for the reconstruction of alleged crimes. Chief Minister Suwendu Adhikari has called it a return to the "rule of law"; a BJP MLA has described it as an expression of "true Ram Rajya". The allegations against Khan and others are serious and deserve rigorous investigation and, where evidence permits, prosecution. But the strength of the rule of law lies not just in holding the guilty to account, but in doing so in a manner that preserves the distinction between justice and retribution.

This is particularly important in Bengal, where political violence has long survived changes of government. But the task of democratic governance is not merely to punish wrongdoing but to elevate public life above this instinct of retribution. There is a categorical difference between accountability delivered through institutions — the police, the courts and independent investigations, following due procedure — and accountability performed on the streets. The latter risks weakening the very legitimacy it claims to uphold, while allowing those accused of serious misconduct to recast themselves as the aggrieved.

The BJP's mandate in the Assembly elections rested on a promise of change. Its victory reflected growing public fatigue with a political culture in which power too often travelled through muscle, patronage and impunity. But a secure government has no need to turn public humiliation into an instrument of punishment. It has the authority of a constitutional institution to undertake the patient task of rebuilding trust and confidence in governance. To squander that opportunity would be to dishonour its promise to the people.

## Historian who read silences of the past

**T**HRASHED BY the sea, the world curdled like cheese, from which multitudes of worms were born. These became men, of whom the most powerful and wisest was God." This statement of the 16th-century Italian miller Menocchio would land him in prison. Four centuries later, Carlo Ginzburg tapped into Menocchio's often contradictory claims about Christ and the Church to reveal a European world outside the Renaissance. First published in Italian in 1976, *Cheese and the Worms* established Ginzburg, who died on Wednesday, as one of the pioneers of microhistory, whose practitioners would study a small unit, an event, an individual or a village.

In his celebrated essay, 'Clues, Roots of an Evidential Paradigm', Ginzburg compared the historian's craft to that of detectives. Judicial records, though created by the elite, preserve the sentiments of the socially excluded. By reading their silences, historians could show how the lives of millers, witches, farmers carry insights into power, knowledge and social change.

Ginzburg's methods often exasperated his more traditionally inclined peers. JH Plumb is reported to have said that "the life of Isaac Newton is more important than witch trials". But microhistory would leave its imprint, influencing scholars from members of the Subaltern school to writers of broad sweep accounts like Pulitzer prize winner Jill Lepore. That's because its greatest contribution was to seek meaning in the smallest traces of the past.

# Washington-Tehran MoU is a relief, but flashpoints remain

**T**HE 14-point Memorandum of Understanding (MoU), digitally signed last Sunday on US President Donald Trump's 80th birthday, was again signed by him early Thursday morning our time at a Versailles dinner hosted by French President Emmanuel Macron. Though Iran was not represented in Versailles, it also released the text around the same time. This official release came after global media outlets leaked the full text yesterday morning.

According to the MoU, a final agreement is to be negotiated within 60 days, extendable by mutual consent. The MoU includes a commitment by Iran that it will never produce nuclear weapons. It also says the US will lift its naval blockade of Iran fully within 30 days (which it has already done), that the movement of ships through the Strait of Hormuz will be restored to full capacity within 30 days, and that the US will issue waivers for exports of Iranian crude oil and other products and services.

In addition, Iran and the US, together with their allies (read Israel, though it is not a party to the deal), will permanently and immediately end the war on all fronts, including Lebanon, and cease all hostile action or threats of force against each other. The MoU also specifies that both sides will address the fate of enriched material, including Iran's nuclear needs. The final agreement will be approved through a binding resolution of the UN Security Council.

Notably, the MoU does not include specific provisions to discuss the curtailment of Iran's ballistic missile capabilities or its support for regional proxies. However, these is-

suers could still be raised during the negotiations due to pressure from Republicans, Israel, and the Gulf countries.

The MoU primarily restores the status quo ante. Before the commencement of Operation Epic Fury on February 28, the Strait of Hormuz was open for free passage with no US blockade. The US and Iran had just completed the third round of their discussions on nuclear and other issues on February 26, with a tentative fourth round being considered for March 2. The outcome of the war is that nuclear negotiations have essentially returned to the starting point, with one key difference: The US is now waiving sanctions on the export of Iranian oil and allied products, while offering assurances of relief on frozen Iranian assets.

Further, during the discussions preceding the war, the US insisted on zero uranium enrichment, while Iran maintained that it had an inherent right to enrich. However, Iran showed a willingness to compromise by offering to transfer its 60 per cent enriched uranium to a third country and suspend enrichment for several years. In the forthcoming 60-day negotiations, Iran is likely to agree to its pre-war concessions, with a significant condition of its own: It will now reject transferring the enriched material abroad, opting instead to down-blend it below 5 per cent while eventually agreeing to a 10-to-15-year enrichment suspension.

The key new element is Iran's explicit declaration that it will never produce nuclear weapons. While this commitment is already implicit in the Nuclear Non-Proliferation Treaty



R SWAMINATHAN

**Notably, the MoU does not include specific provisions to discuss the curtailment of Iran's ballistic missile capabilities or its support for regional proxies**

(NPT), to which Iran has been a party since 1970, and has been repeatedly reaffirmed by Tehran — including through an oral fatwa attributed to Ayatollah Ali Khamenei in 2003 — the difference now is that Iran is effectively waiving the NPT's standard withdrawal clause. Tehran has never given notice to withdraw from the treaty despite major conflicts in June 2025 and this year.

A major concession that Iran has secured upfront is a ceasefire in Lebanon, where it suffered immense strategic damage following Israel's killing of Hezbollah chief Hassan Nasrallah in 2024 and the near-decimation of the group's military capabilities.

While the MoU could be seen as "Advantage Iran", its conclusion has already brought significant domestic and economic benefits for Trump. Oil prices, which skyrocketed to \$126 per barrel during the conflict, have plunged below \$80, triggering a major stock market rally. Further, the US secured a binding commitment from Iran never to produce nuclear weapons. This comes after a military campaign in which the US inflicted massive damage on Iran's military infrastructure, eliminated key leadership figures, and enforced a sustained blockade that caused severe hardship in Iran.

Trump's announcement last Sunday that the MoU had been concluded sparked widely varying reactions across the US. While the MAGA base backed the deal as a triumphant validation of Trump's "maximum pressure" strategy, traditional Republicans remained conflicted — mirroring warnings from the CIA director that Tehran might use the 60-day pause as

a strategic stalling tactic.

Concurrently, Democrats blasted the framework as flimsy and dangerously vague. Meanwhile, the broader American public responded with a mix of relief over the end of the conflict and scepticism regarding Iran's willingness to comply with its nuclear concessions.

However, the official release of the MoU's terms has already sharpened domestic reactions within the US, where critics have termed it a "jaw-dropping humiliation" and a "surrender". This severe criticism, combined with fierce opposition from an Israel that feels it stands to lose the most, has significant potential to derail the upcoming 60-day negotiations.

A major flashpoint will be Lebanon, as Iran is expected to insist on a complete Israeli withdrawal during the talks. While Trump took a position in the recent past that Israel would have the right to retaliate in the event of attacks by Hezbollah, he is now proposing to attack Syria to handle the militant group — a strategy that seeks to exploit the deep animosity between the current Syrian leadership and Hezbollah. Another issue of friction will be Iran's assertion that the Strait of Hormuz will operate under joint Iranian-Omani sovereignty — a geopolitical stance completely unacceptable to Washington.

Thus, while much of the world is cheering the MoU in hopes of a lasting peace, significant hurdles remain in achieving it.

*The writer is former governor of India to the International Atomic Energy Agency (IAEA), Vienna, former ambassador to Egypt and former permanent representative to the Arab League*

## A decade of empowerment, from reform to rozgar



MANSUKH MANDAVIYA

**O**VER THE past 12 years, under the leadership of Prime Minister Narendra Modi, India has undergone a remarkable transformation driven by empowerment, good governance, and inclusive development. From being counted among the Fragile Five economies in 2013, it has emerged as the fastest-growing major economy, built one of the largest start-up ecosystems, become a leader in digital public infrastructure, and strengthened its standing on the global stage.

At the heart of this transformation is India's *yuva shakti*. Recognising the potential of the demographic dividend, the government has launched transformative initiatives like Make in India, Digital India, Startup India, Skill India, PM Mudra Yojana, and the National Career Service portal. Combined with investments in infrastructure, innovation, and technology, these have expanded opportunities for employment, entrepreneurship, and skill development.

India's growth story is also a story of rising employment. Research shows that between 2017-18 and 2023-24, India's employment elasticity stood at 1.11, meaning that every 1 per cent increase in Gross Value Added was accompanied by a 1.11 per cent rise in employment. This marks a sharp improvement over the employment elasticity of 0.008 between 2011-12 and 2017-18.

According to RBI KLEMS data, more than 17 crore jobs were created between 2014 and 2024, compared to 2.9 crore during 2004-14. The employment rate increased from 46.8 per cent in 2017-18 to 57.4 per cent in 2025, while unemployment declined to around 3.1 per cent, below the global average of 4.8 per cent. EPFO payroll data further indicate that more than 8 crore formal-sector jobs were added between 2017 and 2025.

The story of New India is equally about ensuring people are protected through a robust social-security system. Social-security coverage increased from 25 crore people (19 per cent of the population) in 2015 to more than 94 crore (64.3 per cent) in 2025. In recognition of this achievement, India received the International Social Security Association's Award

for Outstanding Achievement in Social Security in 2025.

The Modi government, in the first budget of its third term, introduced the most ambitious employment initiative in independent India's history: The Pradhan Mantri Viksit Bharat Rozgar Yojana (PMVBRY). With an outlay of nearly Rs 1 lakh crore, PMVBRY aims to support the creation of more than 3.5 crore employment opportunities over two years. Under Part A of the scheme, first-time employees receive financial assistance of up to Rs 15,000 in two instalments. Under Part B, employers receive incentives of up to Rs 3,000 per employee per month for every additional worker employed. It provides incentives for up to four years to eligible manufacturing employers and for up to two years in other sectors. By putting money directly into workers' pockets, PMVBRY rewards work, makes jobs more attractive, and helps families remain financially secure. Financial incentives for employers can generate positive cyclical impacts on industrial growth.

PMVBRY's success is now being marked through a nationwide event. Today, Prime Minister Modi will disburse incentives worth Rs 2,400 crore to 15 lakh beneficiaries through direct benefit transfer. Simultaneously, events across 200 major industrial clusters will see appointment letters distributed to beneficiaries, and employers felicitated for creating opportunities.

As India moves towards the centenary of Independence, it is sending a clear message to the world: Its greatest strength is its young population. Twelve years of reforms have been driven by a strong partnership between employees and employers. The Modi government has recognised both as equal partners in nation-building, ensuring workers are protected, enterprises are empowered, and the benefits of growth are widely shared.

As India advances towards Viksit Bharat, employees and employers will continue to serve as the twin engines of growth, prosperity, and opportunity. "Rozgar ho ya karobaar, saath hai Bharat sarkar."

*The writer is Union Minister of Labour & Employment and Youth Affairs & Sports*

## For teachers, the last period never arrives



ROOPALI SINHA

**S**CHOOLS ARE shut for the summer holidays. Yet for the past few years, a sword has hung over these vacations. There is always the uncertainty that they may be cut short, teachers may be called back, or assigned some new duty. Earlier, summer holidays were one of the incentives of the teaching profession, especially for women balancing home and work. Today, teaching may still be described as a part-time job, but it takes up more time than many full-time ones.

Teachers in both private and government schools return home much like their students, carrying bags full of "homework" — preparing assignments, checking notebooks, filling out report cards, and completing administrative tasks. Work spills into the little "free time" that belongs to their personal lives and families.

The Covid years accelerated this process. Online teaching ensured continuity in children's education. But that connectivity has since become a tool for exploitation. Teachers can be asked at any hour to submit reports, data, or documents, and are expected to comply immediately. The boundaries between the professional and the personal have all but disappeared. Perhaps that is why the old reverence embodied in "Guru Brahma, Guru Vishnu..." now survives largely as a ritual saved for Teachers' Day. In reality, teachers are now marionettes, expected to obey instructions and whims without question.

This becomes particularly visible in the endless non-academic duties assigned to them. Recently, news emerged from Uttar Pradesh's Bareilly that teachers had been assigned the task of collecting fodder. The order was later modified following protests. Such examples are not unusual. Teachers are routinely assigned election duties, Census work, surveys, data-entry campaigns, mid-day meal management, and other such duties. Time that could be spent improving classroom practice or developing professional expertise is consumed by tasks far removed from teaching. In the process, the profession loses its intellectual freedom.

The problem with this epidemic of perpetual busyness is that teachers are left with no free time to read, think, create, or explore new things. Leisure is the condition that makes intellectual life possible. Yet this space for reflection is steadily being taken away from us. I am often reminded of Rabindranath Tagore's poem "Lost Time", though in a context quite different from his spiritual one. Who knows, even Jawaharlal Nehru's "Aaram Haram Hai" slogan may soon be evoked to justify our predicament. That slogan belonged to the years immediately after Independence, when a newly independent nation had to be built. Today, the corporate world's many Narayana Murthys have appropriated it to celebrate endless toil that inflates corporate wealth. It feels almost dystopian to argue for the importance of rest, but that is where we have arrived as a society. People are being reduced to cogs in the machine, valued only for their revenue-generating potential.

Teachers once shaped future citizens by nurturing curiosity, sensitivity, and a sense of responsibility. The work of nation-building may no longer be the urgent task it once was, but in the disappearance of free time, something equally important is ebbing away: The space for reflection, and intellectual and emotional growth. That is an immeasurable loss.

*The writer is a Delhi-based teacher*

**The problem with this epidemic of perpetual busyness is that teachers are left with no free time to read, think, create, or explore new things. Leisure is the condition that makes intellectual life possible**

## 40 YEARS AGO

June 19, 1986



## Three killed in Allahabad

THREE MORE persons were shot dead and several injured in the curfew-bound areas of Allahabad where communal violence erupted again. Six deaths had been admitted officially since the violence started. However, unofficial sources put the death toll at 10 and charged the authorities with minimising casualty figures.

## Chandigarh standoff continues

THE HOME minister, Buta Singh, and the Congress(I) vice-president, Arjun Singh, flew to Chandigarh in a BSF plane to make a last-minute bid to persuade the Punjab Chief Minister, Surjit Singh Barnala, to

agree to the Venkataramiah Commission's recommendations and create conditions for the transfer of territories on June 21. As things stand, the transfer of Chandigarh to Punjab and Hindi-speaking areas to Haryana on June 21 looks unlikely and now dates may have to be fixed in view of the latest stand taken by the Punjab government.

## Confusion over transfer

IN WHAT form the Punjab Vidhan Sabha will discuss the proposal for transfer of territories and the allied matters at its sitting is not certain. The Punjab cabinet, which discussed a draft of the central ordinance at its meeting, failed to decide the issue. The Chief Minister, Surjit Singh

Barnala, told newsmen after the cabinet meeting that the draft did not contain details of boundaries after the contemplated territorial transfer. "It was a tentative draft", he added.

## Cong-I likely to win 30 RS seats

THE CONGRESS(I) is poised to win 30 of the 45 seats as nominations closed in the Rajya Sabha biennial poll in eight states. Basing its nominations on the strength of the party, the Congress(I) has fielded five candidates from Bihar, three from Rajasthan, eight from Uttar Pradesh, four from Maharashtra, three from Orissa, two from Tamil Nadu, five from Madhya Pradesh and one from Punjab.



DIS/AGREE

THE BEST OF BOTH SIDES

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ILLUSTRATION: C R SASIKUMAR

Court may have set a figure, but what's the value of unpaid domestic work?

## SC verdict first step but has class blinkers



NEETHA N

THE RECENT Supreme Court ruling acknowledging the contribution of women "homemakers" is definitely a significant step in recognising the invisible and unpaid work of women in the country. Valuation of women's contribution to unpaid housework and care work is riddled with issues, as it is always entangled with familial relations. The compensation of Rs 30,000, as the ruling mentions, is a notional figure and thus can be seen as an acknowledgement of the priceless value of the labour of women that is otherwise largely underestimated. This large-scale underestimation of women's contribution to housework is evident in the cash transfer schemes that various political parties and state governments have offered or are offering to women in multiple states, which mostly range between Rs 1,000 and Rs 2,500 per month. The poor honoraria paid to community workers, be they Anganwadi workers, ASHAs or others, is another example. It is critical to flag this ongoing undervaluation of women's work while they are actively contributing to nation-building, whether as homemakers or as care workers.

While the judgment has surely opened up the way for a discussion on women's unpaid and undervalued work and their contribution to the economy, it raises multiple concerns. The first is the anxiety that many scholars of women's studies have raised, ever since the campaign on Wages for Housework in the 1970s, of a possible reiteration of gendered roles. The discussions around cash transfer schemes recognising women's housework in various states also highlighted the possible adverse effect of such schemes on women's economic status, given the poor participation of women in employment. At a time when women's share in higher education has surpassed male shares, equipping women to break gendered norms, the terminology of "homemakers" may end up in deceleration or reversal of such positive changes.

The judgment acknowledging women's unequal housework and care-work burden highlights it as a reason for the low female labour force participation. However, it does not delve much into this aspect, but goes on reiterating women's contribution in building, nurturing and maintaining human capital and thus being

nation-builders. The lack of choice for women, whether to shoulder gendered roles or not, does not find any mention amidst this glorification of their contribution to families and the economy. Women's labour force participation in urban areas is very low, lower than that of their counterparts in rural areas, and much below male rates. In 2024-25, as per the PLFS data, the urban workforce participation rate of women (ages 15 plus) was only about 26 per cent, as against 45 per cent for rural women. Notably, the male-female difference was about 47 percentage points, with male participation rates at 73 per cent.

In rural areas, agriculture, the most important sector of women's employment, allows for intermittent paid and unpaid housework and care work, while in urban areas, such possibilities are few and conditional. The poor presence of married women and women with young children in jobs that are better paid is an issue that also needs attention. Studies in the context of flexible employment have also shown how women's choices are determined by gendered social and familial expectations around housework and care work. Without adequate policies that could help in the reduction and redistribution of housework and care work, women's employment outcomes will continue to be compromised.

The judgment is significant when read with the dismissal of the public interest petition *Penn Thozhilalargal Sangam Versus Union of India*, filed by 10 trade unions of domestic workers on the issue of minimum wages. This petition was disposed of by the Supreme Court this year, directing the unions to appeal to the state government. What seems contradictory to the current progressive position of the Court is the view that it held on the matter of minimum wages for domestic workers. The observation that minimum-wage regulation for domestic work can trigger an increase in litigation with unintended consequences, including the possibility of domestic workers losing their jobs, seems to contradict the current valuation argument. Or, is it that housework and care work performed by women in their own homes are worthier than the work carried out by poor women who are hired for such services? By entertaining the domestic workers' petition, the Court, alongside this landmark judgment, could have set the floor towards the valuation of housework and care work for different segments of women, whether part of the family or otherwise.

The writer is professor, Centre for Women's Development Studies, New Delhi

## Give her rights in her lifetime



PAROMITA CHAKRABARTI

THEY SAY it is love. We say it is unwaged work." Thus begins Silvia Federici's foundational 1975 essay, "Wages Against Housework". Federici's Marxist-feminist argument was made in the context of Western industrial capitalism. Half a century later, and half a world away, the demand has shifted from wages to worth, from recognition to right.

The move from housewife (interchangeable for large periods of the 20th century, in thought if not in words, with house help/house elf) to homemaker has had a long, arduous journey. The marginal elevation has not altered much for the woman at the centre, still counted as the primary caregiver, still responsible, notionally at least, for the task of "housekeeping", still with very little to show for herself in terms of actual economic heft.

Last week, while hearing the case of a woman killed in a road accident in 2001, the Supreme Court took a decisive step towards addressing this anomaly. It held that the loss of domestic care provided by a homemaker constitutes a distinct category of compensation in motor-accident claims. The Court also arrived at a minimum figure of Rs 30,000 per month, a floor to be revised upward by 10 per cent every three years. The bench observed that care-giving work — mostly by women — is estimated to contribute about 15 to 17 per cent of the country's GDP, that in nurturing homes, values, and generations, homemakers perform the enduring work of nation-building. It is a landmark ruling that deserves to be celebrated. It also demands introspection.

For the purpose of the latter, let us turn to some basic accounting: Tally your monthly expenses for a cook, a part-time cleaner, a care provider for the elderly, and if you have young children, a nanny — more or less all the things a homemaker is, all at once, all day, every day. The figure, at least in Delhi, is likely to far exceed Rs 30,000. Now consider what the Court did not address, given that it falls outside the remit of the case. A woman who spends her lifetime managing a household, raising children, and enabling her spouse's career is worth Rs 30,000 a month only after she has been killed by a negligent driver. In her lifetime, she is worth nothing in terms of asset entitlement or wealth accumulation, at least

not in any enforceable, quantifiable way.

This is an injustice with compounding consequences. When a woman steps out of the workforce — to follow a spouse to a new city, to raise children, to care for ageing parents — she exits a system that measures contribution in salaries and provident-fund deposits. Every year outside the formal economy widens the gap and reduces them to what economist Devaki Jain called "virtual non-entities in economic transactions". The apex court's ruling compensates for the absence of a homemaker's labour after death. It does nothing for the woman who is still alive, still holding up the home, still accruing none of the financial security that formal employment provides.

None of this is to suggest that the home be recast as a workplace or the spouse as a quasi-employer. It is an argument for rights and recognition, of the kind the Court itself offered: "It is ironic to describe a homemaker as dependent on earning members, when, in reality the household's functioning depends substantially on the homemaker." The homemaker, in other words, is the co-author of everything the household builds and everything it becomes.

To be fair, the judiciary has been pulling in the right direction. In February, the Delhi High Court observed that a wife's non-employment cannot be equated with indolence or deliberate dependence, that the assumption reflects a fundamental misunderstanding of marriage as a partnership: "Where one spouse earns income in the marketplace, and the other sustains the domestic sphere, the economic stability of the household is the result of combined, though differently manifested, contributions." In September 2025, a Delhi woman approached the High Court seeking a 50 per cent share in the matrimonial flat that her care had sustained for years. The division bench was candid about the bind it found itself in: It acknowledged that a homemaker's contributions "remain hidden and downplayed", called on the legislature to act, and then — because existing maintenance provisions lack the reach to cover asset-sharing — ruled against her.

Homemakers need more than a better payout at the Motor Accident Claims Tribunal that they themselves cannot enjoy. They need social infrastructure that eases the burden of care work, shares it more equitably, and values it more fully. They need community property laws that give them a share in liquid or income-generating marital assets; maintenance laws with teeth. And they need all of these in their lifetime.

The writer is senior associate editor, The Indian Express.  
paromita.chakrabarti@expressindia.com

## 75 years on, the First Amendment still casts a long shadow



TRIPURDAMAN SINGH

JUNE 18, 2026 will mark 75 years since Rajendra Prasad gave his reluctant assent to the First Amendment — a "seismic shift" in India's constitutional architecture, the aftermath of which the country's pre-eminent legal scholar Upendra Baxi labelled the "Second Constitution". Few seem to have recalled the grim events of 1951, but it was a moment that continues to course through the nation's body politic, and one that has had profound and deleterious effects on its democracy and constitutional order.

On January 26, 1950, the Republic of India, described by the Oxford don Kenneth Wheare as the world's greatest experiment in democratic government, was inaugurated to great acclaim. Many had considered it an impossibility: Clement Attlee had even cautioned Jawaharlal Nehru against it, calling republicanism of the kind India was contemplating an alien import from Europe. At the heart of this transition lay the country's new constitution, containing what *The New York Times* approvingly termed "the most detailed document of fundamental rights found anywhere", widely seen to reflect India turning the page on its colonial past and taking a giant step towards a liberal new future.

It was a future that failed to materialise as imagined. By early 1951, the Nehru government had pronounced the Constitution to be the chief impediment in the way of its social policy and a stumbling block on the way to progress. The "magnificent Constitution" had, as he declared, been "kidnapped and purloined by lawyers". How had such a situation arisen? Three key legal battles fought around three key fundamental rights — the right to freedom of speech, the right to freedom from discrimination, and the right to property — shaped Nehru's assessment.

Government attempts to censor the *Organiser* (a scathing critic of its purported indifference towards the plight of refugees from East Bengal) and *Cross Roads* (a left-leaning weekly harshly criticising the brutal treatment of communist detainees) had been countermanded by the Supreme Court, which had also found the underlying legislation to be unconstitutional, knocking, to quote Sardar Patel, the bottom out of the laws used to control the press. In Madras, where a woman named Champakam Dorairajan had challenged the existing policy of strict caste- and community-based quotas, the High Court had found that religion, race, and caste could not be a basis for admissions to educational institutions and that reservation beyond that provided to the Scheduled Castes and Tribes was thus violative of the right to freedom from discrimination. The Patna High Court had struck the final blow in March 1951 when it held the Bihar Land Reform Act to be unconstitutional. Interestingly, rather than the right to property (as many had feared), it was the right to equality that proved to be the Act's undoing: The slid-

ing scale of compensation it prescribed, where the rate went down as the size of the land parcel went up, was the culprit.

Collectively, the three judicial pronouncements had taken a sledgehammer to the government's ability to censor and regulate the dissemination of opinion, eroded its credibility, and thrown its social agenda into disarray. For Nehru, the very fact that the courts were willing to adjudicate on such matters was a step too far. It was his government, he argued, that represented the will of the people — and the Constitution was in the way. The result was the First Amendment.

It kneecapped the right to property and allowed the government to circumvent the right to freedom from discrimination in pursuit of social upliftment for "backward classes". Under the guise of protecting land reform legislation, it created the Ninth Schedule, a repository where laws could be placed to make them immune to judicial review even if they violated fundamental rights — described by the jurist A G Noorani as an "obscurity created by wilful resolve". More importantly, it introduced new grounds for restricting freedom of speech, including public order, incitement to offences, relations with foreign states, and the security interests of the state.

The consequences of the First Amendment have been far from benign. It dealt a crushing blow to the nascent forces of Indian liberalism, creating the constitutional plumbing for a vast armoury of repressive and coercive laws, including sedition. Moreover, it established the terrible precedent of retrospectively amending the Constitution to overcome adverse

judicial pronouncements. The cavalier disregard for democratic propriety established a pattern for future egregiousness. Political power triumphed over constitutional order, eroding democratic norms even before the ink had dried on the original Constitution.

Disdain for civil liberties; prioritising the needs of the state; an aversion to public criticism cloaked in the language of "fake news" and "subversive activities"; a brute parliamentary majority riding roughshod over the protestations of the Opposition and civil society; a government agenda and party ideology elevated above fundamental rights; the claim that the wishes of the legislature should enjoy primacy over constitutional principles: The resonances with the contemporary world are more than semantic. Yet, there seems to be little inclination to register its 75th anniversary or revisit the long shadow it has cast on Indian democracy. Neither by its original supporters, now on the receiving end of the legal architecture it helped create, nor its original opponents, its prime targets now encoined in the ruling establishment.

What we do well to remember, however, is the prescient warning by Yashwantrao Chavan, the man who led the opposition to the amendment and who could see that an uncontrollable weapon was being bequeathed to the future, issued to the government: "Maybe you will continue for eternity, in the next generation, for generations unborn; that is quite possible. But supposing some other party comes into authority. What is the precedent you are laying down?"

The writer is Ambizione Fellow, Graduate Institute, Geneva



## LETTERS TO THE EDITOR

### Talking past each other

NEGOTIATIONS BETWEEN Iran and the US have been impeded by several contradictions arising from explicit and implicit threats and expressions of disrespect ("For lasting peace, US & Iran have to look beyond their philosophies of negotiation", *IE*, June 18). The US's zeal to garner greater international support by exerting pressure through unilateral sanctions has demonstrated a disregard for Iran's interests, which, rather than bringing it to the negotiating table, made it more unified and resolute. Dialogue should be based on goodwill, mutual trust, and respect to foster a meaningful understanding of each other's motivations and objectives.

Vaibhav Goyal, Chandigarh

### Baffling ban

ONE TENDS to endorse the views expressed in the editorial, which averred that by picking on Telegram, the government appears to be lapsing into a familiar failing by not treating the NEET cancellation as a symptom

of a broken system ("Exam failures run deeper than Telegram", *IE*, June 18). Why single out one platform when the actual fault lines may lie within the four walls of the NTA? There is a pressing need to introspect rather than seek convenient shelter behind such alibis. Mind you, the NEET re-examination scheduled for June 21 is going to be a litmus test not only for the NTA but also for the Union education minister.

SK Gupta, via email

THE GOVERNMENT'S decision to temporarily ban Telegram ahead of the NEET re-examination is baffling ("Exam failures run deeper than Telegram", *IE*, June 18). While ensuring fair exams is essential, banning an entire communication platform raises concerns. Millions of students, teachers, professionals, and businesses use Telegram for legitimate purposes such as sharing study materials and conducting discussions. A blanket ban may inconvenience innocent users while doing little to address the root causes of paper leaks.

Bal Govind, Noida



SHOBHIT MAHAJAN

GOING ON the Delhi-Gurgaon Expressway, one frequently witnesses a strange scene. The toll plaza was removed a few years ago but there are still some toll booths remaining. Just after the toll barriers, the road curves, the traffic comes to a grinding halt and there is total commotion, with cars moving in and out of lanes. As one drives through the curve, there are several lanes being blocked by five to six mean-looking built-like-bouncers-in-a-pub men. Each of them has a baton, hockey stick or *lathi* in his hand and they are stopping the Uber and Ola cab drivers to ask for the toll tax, which the drivers have tried to avoid. Most drivers usually pay up the Rs 100 tax plus Rs 500 fine quietly while others

## Privatisation lesson: Pigs & bouncers

try to wriggle out of it by arguing. This causes the traffic to stop or inch forward for a while.

The bouncers are employed by the private agency that has won the contract to collect toll tax. The cab drivers obviously avoid paying and make the extra Rs 100 since that is included in the Ola/Uber fare. Apart from the risk-averse types, they take their chances with not paying or paying Rs 600. The drivers are perfect examples of the beloved *Homo economicus* of the neoclassical economists. They behave in a totally rational way since they make several trips between the two cities. What is bizarre about the whole setup is the brazenness shown by the bouncers. They are there, right in the middle of an expressway meant for high-speed transit, stopping traffic without the cops even taking notice of this patently illegal action.

This business of private companies or individuals taking over the functions of admin-

istration is not unique to these bouncers. They might be operating independently, although with the connivance of the authorities. In some cases, the authorities themselves hire private agencies to undertake what would be their work. My favourite case in point: Stray pigs are a nuisance in several parts of my city, close to villages or slum clusters, and the municipal corporation doesn't have enough pig-catchers, or whatever they are called. So pigs roam around freely, creating a health hazard. A few years ago, a bright young bureaucrat, appointed as the administrator of the municipal corporation, came up with what seemed like a brilliant solution. He ordered that, in public interest, anyone capturing a stray pig could keep it and the administration would not take any action. The owner, if he complains, would instead be fined for letting his animals roam around and be a health hazard.

Soon, most of the pigs vanished. The pig vigilantes caught a large number of pigs while some owners started tying them outside their homes or *jhuggis*. However, in a few weeks, the pigs returned to the streets. Those who had captured the pigs sold some back to their owners. For the rest, they had no place to keep them or the means to feed them. The net result of the scheme was only a temporary change in ownership of the pigs.

Subcontracting governance to private citizens and agencies is now all the rage. But then, privatisation of governance is a natural corollary in these days of cow vigilantes, Valentine vigilantes, love jihad vigilantes, anti-Romeo squads etc. The only difference is that one has official sanction, the other only benign neglect by the powers that be.

The writer is a professor of Physics and Astrophysics, University of Delhi

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• US-IRAN INTERIM AGREEMENT

# Iran gets 'understanding', world gets Hormuz, Trump gets his exit

Nuclear issue, Strait of Hormuz, sanctions: A point-by-point look at a pact that sets broader terms for US-Iran ties



**EXPERT EXPLAINS**  
**BASHIR ALI ABBAS**

SENIOR RESEARCH ASSOCIATE, COUNCIL FOR STRATEGIC AND DEFENSE RESEARCH, NEW DELHI

The US and Iran signed a 14-clause Memorandum of Understanding (MoU) to begin 60 days of negotiations for a final deal on June 17 and 18, respectively.

Unlike the 2015 Barack Obama-era nuclear agreement, the 2026 MoU indicates that the final agreement would both address the Iranian nuclear programme and set the terms of the US-Iran political relationship. These terms potentially make the Islamic Republic stronger than it has ever been since 1979, allowing it greater economic relief and the necessary geopolitical consent to build-up conventional military capabilities that can reshape West Asia's balance of power.

Here is a breakdown of the key points, what each side has promised, and what it says about their respective positions after months of conflict.

**CLAUSE 1: End to hostilities on all fronts including Lebanon**

This is the principal war termination clause. Compared to the April 8 ceasefire, the MoU signed by US President Donald Trump and Iranian President Masoud Pezeshkian cements Lebanon's integration with the US-Iran cessation of hostilities.

The 60-day interim period naturally bears the risk of resumed Israeli bombardment of Lebanon. But, Iran accepted US incentives (immediate removal of naval blockade in the Strait of Hormuz) to refrain from resuming hostilities against Israel/US targets, despite having committed to respond to Israel's bombing of Beirut. This set a new precedent in terms of what Iran can accept.

**CLAUSE 2: No interference in internal affairs**

The immediate import of this clause is the removal of Trump's rationale for resuming attacks on Iran. Between January 13 (when Trump stated that "help is on its way" in support of Iranian anti-government protesters) and February 28 (war initiation), Washington's rationale oscillated between "regime change" and de-nuclearisation. The clause is, thus, imperative in Tehran's view.

**CLAUSE 3** contains a crucial provision allowing both sides to extend the 60-day period before a final agreement, with mutual consent.

**CLAUSE 4: Removal of US blockade**

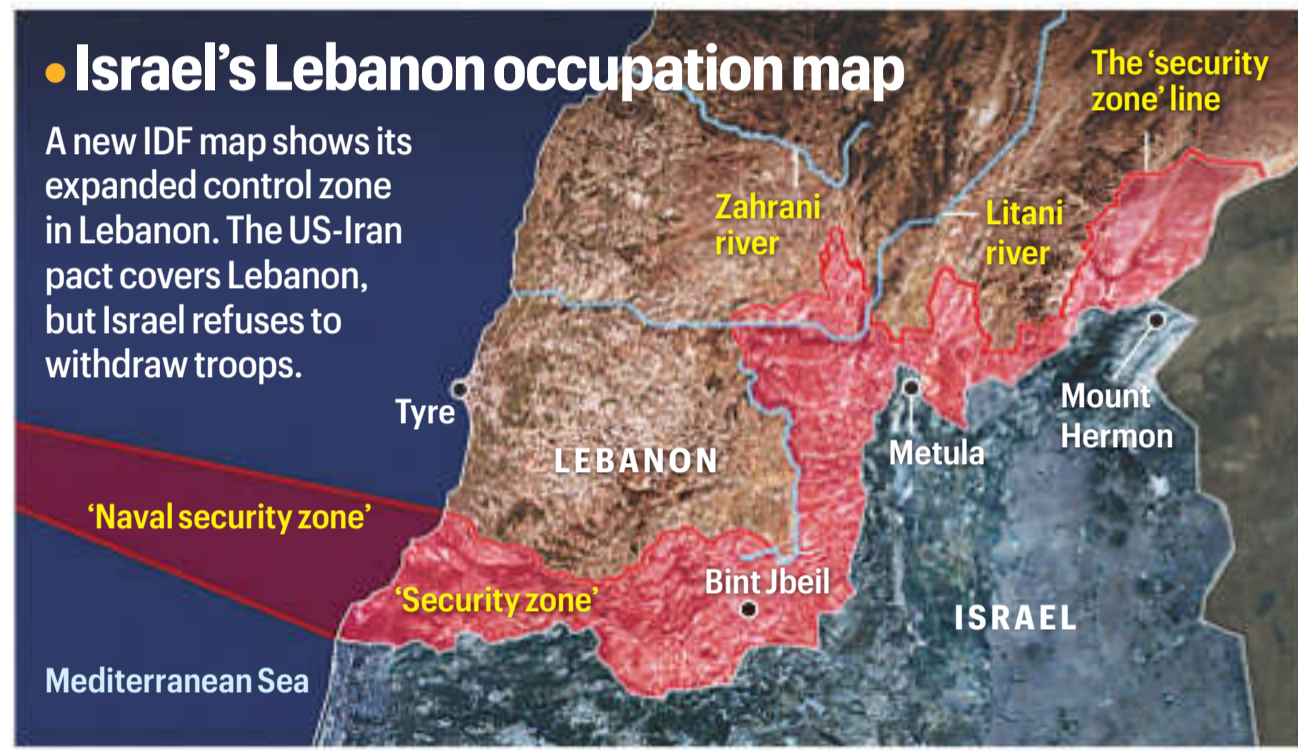
By June 16, the US Navy had already effectively withdrawn its blockade. In functional terms, withdrawal would refer to the remaining US Carrier Strike Groups in the Strait of Hormuz.

**CLAUSE 5: Passage through Hormuz**

Iran will allow unconditional transit passage to shipping in the Strait of Hormuz. However, it is the provision allowing Iran (and Oman) to define the future administration of the Strait that meets Iran's consistent demand that the Strait cannot return to its pre-war status.



US President Donald Trump signs the Iran MoU at the Palace of Versailles. Secretary of State Marco Rubio and France President Emmanuel Macron are also seen. PTI



Oman and Iran can reach a joint framework that can potentially mimic Turkish fee arrangements for the Dardanelles and Bosphorus Straits under the Montreux Convention. Since about 20-25% of oil and 20% of gas shipping globally relies on the Strait of Hormuz, estimated annual revenue could exceed \$11-13 billion.

**CLAUSE 6: \$300-billion plan for reconstruction of Iran**

The reconstruction initiative, to be developed by the US and its regional partners, is significant and a key distinguishing element from past negotiations for the 2015 Joint Comprehensive Plan of Action (JCPOA) for limiting Iran's nuclear programme. The \$300-billion fund will act as Iran's avenue to re-access the international economy. It also contains incentives for businesses linked to both Trump and Steve Witkoff, the investor and US Special Envoy to the Middle East.

**CLAUSE 7: Sanctions relief in final deal**

This clause, providing will have to address several categories of US unilateral sanctions on Iran, including those on the energy and shipping sectors. A *Wall Street Journal* estimate suggests that Iranian oil and fuel sales could generate around \$60 billion in annual revenue. Washington will also have to address the interlinkage of three types of sanctions — on Iran's nuclear activities, counter-terrorism related sanctions and designations.

**CLAUSE 8: Iran to not procure or develop nuclear weapons**

The clause reaffirms Iran's commitment not to pursue a nuclear programme. This reflects a continuity in Iran's position since 2003. The core distinguishing factor from the JCPOA negotiation timeline (roughly 2013-15) is Iran's stockpile of 60% enriched uranium, which it did not possess at the time. Now, the MoU evidently does not mandate Iran to transfer its enriched nuclear material to any third country. This is a significant divergence from the original US position.

With fundamental changes to Iran's nu-

clear programme having been forced through US action, it is Iran's other shifts since 2018 that will have to be addressed.

Trump withdrew the US from the JCPOA back in 2018. Tehran formally terminated its remaining commitments after its October 2025 expiry and has, over time, withdrawn from other international monitoring protocols.

**CLAUSE 9: Status quo until final deal**

While this is meant to secure the gains of the MoU, none of the 14 clauses contain any reference to negotiations over ballistic missiles or Iran's relationships with regional non-state actors. On July 17, Trump also implied his willingness to let Iran retain ballistic missile capabilities. Here, too, the US President has moved significantly from his rationale for his 2018 withdrawal from the JCPOA.

**CLAUSE 10 (sanctions waivers) acts as an interim arrangement before Clause 7 (sanctions removal) is operationalised.**

**CLAUSE 11: US unfreezes Iranian assets**  
Iran's frozen funds in foreign banks and holdings amount to over \$100 billion. Around \$12 billion has reportedly already been unfrozen and made available to Iran.

**CLAUSE 12** provides for creating a mechanism to monitor the implementation of the MoU. This matters for the operationalisation of Clause 3, which allows mutually decided extensions to the 60-day window.

**CLAUSE 13** sets a hierarchy of mutual priorities during the 60 days.

**FINALLY, CLAUSE 14** provides for a binding UN Security Council Resolution for endorsing the deal. This is notable because it comes despite the Trump administration's disdain for the UN's mechanisms.

The JCPOA was endorsed by a UNSC resolution 2231, whose binding nature was affirmed in the text through Article 25 of the UN Charter. While the new UNSC Resolution will have to be similar, Iran could potentially seek fail-safe arrangements.

## MoU a setback; the options now for Israel, its PM



**YASHEE**

WITH THE US-Iran Memorandum of Understanding (MoU) signed, President Donald Trump has posted on Truth Social that the "fools" who think he hasn't been tough enough on Iran "are either jealous, bad people, or stupid". This is unfortunate for his ally Israel, where a large section does believe that the MoU is very generous to Tehran.

"The mood in Israel is a mixture of anger, suspicion, and humiliation right now. The hawks in the ruling coalition are denouncing the deal as bad or non-binding, with some on the right wing accusing Trump of abandoning Israel. The Opposition calls it a strategic failure. The deeper mood is that Israel fought hard, but Washington and Tehran may now be defining the exit," Yonatan Touval, an analyst with the Israeli thinktank Mitvim, told *The Indian Express*.

Israel has insisted that despite what the MoU says, it won't stop its Lebanon campaign, where it is fighting the armed wing of the Hezbollah, a Shia group supported by Iran.

**What is the road ahead for Israel?**

The MoU says that Iran and US will negotiate a final deal within 60 days. For Israel, the immediate job will be to use these 60 days to secure more favourable terms, while maintaining cautious freedom of action in Lebanon.

"There is almost zero chance that Israel just stops everything in Lebanon tomorrow. Even if there is a ceasefire, it will take time to negotiate and implement. In the 60 days, Israel would try to press the US for better terms, regarding Iran's enriched uranium, enrichment facilities and centrifuges for example, in any final deal," Dahlia Scheindlin, a Tel Aviv-based political analyst, told *The Indian Express*.

Israel and Lebanon are holding parallel negotiations for peace, mediated by the US, but have not made substantial progress. "Israel now faces a real dilemma: whether to insist on preserving unilateral freedom of action, at the risk of friction with Washington, or to accept the MoU's de-escalatory logic and try to convert military gains into an enforceable Lebanese-state framework. The sensible course is not endless attrition, but a harder version of diplomacy: codified red lines, rapid response to immediate threats, US-backed enforcement, Lebanese Army responsibility, and no return to a Hezbollah military presence along the border," Touval said.

Israel has attacked Lebanon multiple times, each time aiming to defeat the Hezbollah, which manages to survive. What are its goals in Lebanon now?

Touval said this would involve Hezbollah "pushed away from the Israel-Lebanon border, stripped of open military freedom in the south, unable to fire rockets/drones at Israel, and reduced from a forward-deployed border army into a hostile Lebanese political actor, still dangerous inside Lebanon but no longer positioned to threaten Israel directly from the border."

**What does the MoU mean for Netanyahu?**

The MoU chips away at two of Netanyahu's core strengths — his 'tough on security' posturing, and his friendship with Trump. His actions in Gaza and Lebanon have dented Israel's image, without delivering on the promises of a defanged Iran and a defeated Hezbollah. And the timing couldn't have been worse, with elections around three months away.

Scheindlin said it was high time for Netanyahu to learn how to convert military gains into diplomatic ones. "This government has little trust in political processes. Even in Lebanon, they believe force is the only way," she said. But elections are due in a few months, could policy change if the prime minister changes? "So far, the Opposition has been claiming that it would have fought the same wars, but better. If there is a new government, it would need a new, bold vision for peace. However, there is indeed an expectation that a government not headed by Netanyahu would be more restrained," Scheindlin said.

And what do the voters of Israel want? "A large section of Israelis has become conditioned to want complete military victory. After October 7, people think such an attack could happen any day, there is this life and death attitude to everything. But it is inexcusable for a government to think like that. The government's job is to take a long-term, strategic view," she said.

## • MODI-TRUMP G7 MEETING

### Conciliatory signs from Trump, but unpredictability frames challenge



**SHUBHAJIT ROY**

WHEN PRIME Minister Narendra Modi last met US President Donald Trump — at the White House in February last year — both sides discussed a trade deal aimed at lowering tariffs and set a bilateral trade target of \$500 billion.

The months that followed saw bilateral relations plumbing new depths, largely driven by steep US tariffs and Trump's claims of brokering a ceasefire during Operation Sindoor.

Sixteen months after that White House meeting, Modi and Trump met for the first time at the French resort town of Evian Wednesday, on the sidelines of the G7 leaders' summit. After months of strained ties, the meeting projected a positive path ahead.

**How the ties plummeted**

The first flashpoint was Operation Sindoor. Trump claimed he had brokered the ceasefire between India and Pakistan. In a tough phone call with Trump, Modi rejected the US President's claims of any role. Pakistan, meanwhile, stepped up efforts to woo Trump. It thanked him for the ceasefire and cut cryptocurrency and critical mineral deals with his family members.

The lowest point, arguably, came when the US imposed 50% tariffs on India in August — 25% were in response to Indian tariffs and the rest was for buying Russian oil. This forced India to cut energy imports from Russia, though the US later issued a sanctions waiver.

In September, Trump raised the annual fee for H1-B visas to \$100,000 — making it prohibitively expensive for tech companies to hire Indian professionals in the US. This month, a US judge struck down the fee, though the administration may appeal in the Supreme Court.

**India's efforts**

Though the Trump administration used economic leverage as a punitive measure against India, New Delhi kept working the phones.

By February, India and the US arrived at a framework that would lead to a trade deal. By then, India's imports from Russia had also dipped. In the meantime, Delhi started engaging with Trump. Modi welcomed the US President's efforts to bring in a ceasefire in the war in Gaza, and his efforts to end the Russia-Ukraine war.

By the end of February, however, another war broke out — one started by the US and Israel against Iran. The attack prompted Iran to effectively close the Strait of Hormuz, setting off a global energy shock.

In May, US Secretary of State Marco Rubio arrived in Delhi in an attempt to repair bilateral relations.

But the recent killing of three Indian seafarers in the Gulf by the US navy created more tensions, exacerbated by Rubio's response.

**The Modi-Trump meeting**

Keeping in mind this volatile context, the Trump-Modi bilateral meeting marked a significant moment. These are some takeaways from India's engagement with the US over these months and the latest meeting:

**FIRST**, Trump has ripped up the international system, and New Delhi is not immune to any actions he undertakes — either in his neighbourhood (Venezuela or Cuba) or far away (Iran). The war in West Asia has disrupted the Indian economy. But Trump's actions in Venezuela have allowed India to import oil from the South American country after a hiatus.

**SECOND**, Trump may be mercurial and unpredictable, but understands the sensitivities of Indian government and its politics. So he was effusive about Modi, did not push back on the issue of seafarers' deaths due to the US navy — as was done by Rubio — maintained his welcoming posture for skilled Indian professionals, and vowed security support for India in the face of threats.

**THIRD**, New Delhi's assessment is that Trump is willing to manage China on his own, and doesn't need any allies or like-minded partners like the Quad. The US President has reached out to his Chinese counterpart Xi Jinping, has promoted the concept of G2 (US and China), and is aware of Beijing's through critical mineral leverage, AI progress and manufacturing prowess. So, India needs to engage with China as well as assert its redlines, with help from like-minded partners.

**FOURTH**, India also understands that Trump needs to be managed for the next three years, and an openly confrontational approach or submissive behaviour doesn't work. Modi's approach — crediting him for peace efforts while working on a trade deal to limit tariffs — is the best possible strategy.

**FIFTH**, as the US limits its access, New Delhi wants to keep its choices open — with Europe, Australia, Japan, Singapore, Gulf monarchies and other like-minded partners for capital, technology and destination for Indian students, workers and professionals.

• CLIMATE

## Why the monsoon's progress has stalled over Maharashtra

**Anjali Marar**  
Bengaluru, June 18

IT HAS been a fortnight since the official commencement of the southwest monsoon season, but its performance has largely been sub-nominal so far. All-India rain was 38% below average between June 1 and 17.

The June-September southwest monsoon brings more than 70% of India's annual rainfall. The monsoon arrives over the Andaman Sea in the third week of May and advances into the mainland through Kerala, generally by June 1. It then advances in surges and reaches north Uttar Pradesh, Delhi and its neighbouring areas by the end of June, and covers the entire country by July 15. But an early or timely onset of the monsoon does not guarantee good rainfall or its distribution, or vice versa.

**How has the monsoon progressed?**

After onset over Kerala on June 4, the southwest monsoon progressed for four consecutive days. It advanced early into parts of the west coast, including Karnataka and Goa, but marked a delayed onset over

most regions in northeast India. The rainfall intensity over Kerala, southern Karnataka, Tamil Nadu, Lakshadweep, and the whole of northeast India picked up in early June, but did not sustain for long. Upto June 10, the southwest India region recorded a 8% rain surplus.

Maharashtra's wait for the monsoon has now gotten longer, and there are no clear indications of possible onset yet. The latest monsoonal advance was on June 8, over parts of south Konkan and adjoining areas of south Madhya Maharashtra.

Overall, the Arabian Sea branch of the monsoon appears to be making slower progress this year compared to the Bay of Bengal branch.

After June 8, the monsoon advance continued mainly along eastern India regions. On June 15, the monsoon advanced into the remaining parts of Andhra Pradesh, West Bengal, Telangana, Odisha, Jharkhand and Bihar.

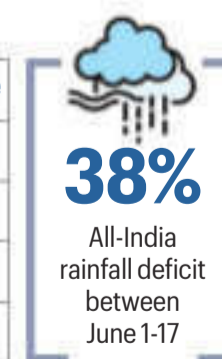
**Why has it slowed over Maharashtra?**

**FIRST**, monsoonal winds from the Arabian Sea since the onset period have

• Rain shortfall in the West

Subdivision	Rainfall	Rainfall departure
Konkan and Goa	56.8 mm	-81%
Madhya Maharashtra	15.8 mm	-80%
Marathwada	26.9 mm	-62%
Vidarbha	19.2 mm	-72%

SOURCE: INDIA METEOROLOGICAL DEPARTMENT; DURATION: JUNE 1-17



weakened. Instead, stronger northerly or northwesterly dry winds are dominating the region and acting as barriers for the incoming, weak monsoonal winds. Moreover, these weak monsoon wind flows lack a strong surge from the Arabian Sea. It is these monsoon pulses that drive moisture and cause widespread rainfall while also helping the monsoon advance.

**SECOND**, cross-equatorial wind flow over the western Indian Ocean and Arabian Sea has weakened. These winds pump in moisture, aiding the monsoon's advance.

**THIRD**, the monsoon requires the sup-

port of other weather systems. These can be in the form of low-pressure areas or cyclonic circulations, either present over the Arabian Sea, the Bay of Bengal or an offshore trough (low-pressure belt) parallel to the west coast. All of these are now absent.

**FOURTH**, the southwest monsoon also requires favourable global weather factors. One such system is the Madden-Julian Oscillation (MJO), an eastward propagating wind and cloud band originating in the Mediterranean Sea. When MJO is in the favourable phase, it causes rainfall over India. However, that is not the case now.

**How will the monsoon advance now?**

Since June 16, the India Meteorological Department (IMD) has not released any updates on monsoon advancement over Maharashtra. This not only indicates a delayed monsoon onset but also greater uncertainty over its likelihood.

The monsoon is most likely to advance next over Telangana, Odisha, Jharkhand, Bihar, and some parts of Chhattisgarh sometime during the next four to five days, the IMD said Thursday.

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# OPINION

The  
**Hindustan Times**  
ESTABLISHED IN 1924

{ OUR TAKE }

## Iran uses chaos currency again

The cost levied on other West Asian countries and the global economy became too high for the war to continue

First, a quick recap of what the US-Iran MoU means. Iran's regime is intact — and its nuclear programme is where it was in June last year — and has wrested major economic (a possible future charge on ships passing through Hormuz Strait; a \$300 billion reconstruction fund from other West Asian countries; defreezing of its foreign accounts) and geopolitical (Israel will have to hold its hand against Iran's proxies in the region) concessions. The Trump administration can spin this any way it wants, but the US has not won this war. Its partner Israel had ended up with a bloody nose. Many of Iran's neighbours have suffered collateral damage — and will now enter a new period of chaos, without the US security umbrella.

For years, Iran's only currency in the region has been chaos, and that seems to have worked well for it in this war too — the costs levied on other West Asian countries, and the global economy, became too high for the war to continue. It's very likely that the two-phase peace deal will see a successful first one and a long drawn out second one. The track record of previous Iran-US talks suggests that.

India has suffered from the war. Its energy and fertiliser markets have been hit by shortages, and its problems have been exacerbated by a weakening currency. Some Indian nationals have been killed in West Asia, including three sailors by US firing, and India's response to US brazenness has been tepid and recognises the power asymmetry between the two countries. After all, India is no real position to strong-arm the US into anything — and wants a favourable trade deal and access to technology.

For the third time in six years, global supply chains have come under threat, and India would do well to prepare for the next crisis. It needs to de-risk its energy requirements (this is the time to throw the kitchen sink at all projects in the pipeline, renewable, coal gassification, green hydrogen and nuclear). It needs to shore up its capital account by becoming an attractive destination for investments. And it needs to build some real muscle — economic and military.

## Modi-Trump geniality must yield trade gains

'He's a tough trader,' said US President Donald Trump about Prime Minister Narendra Modi when the two leaders met after a 16-month hiatus on the sidelines of the G7 summit in France. While decoding Trump's statements isn't a very fruitful exercise — he equivocates almost compulsively — his effusiveness about India and Modi with the backdrop of trade tariffs, Washington's increasing closeness with Pakistan army chief Asim Munir, and US attack killing three Indian seafarers appears particularly jarring.

Out of these three issues, at least two were brought to the table during the summit. India's unwillingness to let the loss of seafarers' lives pass was demonstrated by Modi raising the issue twice in Trump's presence. During the bilateral meeting, Trump conceded that the safety of seafarers is a collective responsibility. As for trade and tariffs, Modi didn't raise it but Trump said the two countries were very close to a deal.

How close will likely be demonstrated when the discussions on US-India bilateral trade agreement (BTA) resume next week with the visit of US trade representative Jamieson Greer to India. US-Israel war on Iran has adversely impacted the Indian economy, and a favourable BTA can ease some of the pressures.

As for the renewed bonhomie between Islamabad and Washington, New Delhi can do precious little for now. Pakistani civil and military establishment has been ingratiating itself to Trump by way of both public messaging and backchannels since Operation Sindoor. India, on the other hand, has remained steady in its stated policy of entertaining no third-party mediation. Trump's repeated claims of brokering peace between India and Pakistan have not gone over well in New Delhi, although he steered clear of such a claim in France.

There's a discernible change of tone in the relationship, going by the Evian bilateral. Whether Trump will remember his affection for "talented Indians" or his promise to be there "if anyone attacks India" when such needs arise, is anyone's guess.

## India must capture space vacated by US in biotech

Too much of Indian life sciences still operates as if the country's highest calling is to serve as a low-cost execution arm for others

At the recently concluded American Society of Clinical Oncology (ASCO) annual meeting, one of the most coveted headliner slots went to a clinical trial conducted only in China. For the first time, a Chinese-only study was placed on one of cancer research's biggest global stages.

The drug is ivonescimab, developed by Akeso Biopharma. It combines a programmed cell death protein 1 (PD-1) blocker — PD-1 is a human protein that acts as an immune system down-regulator that prevents autoimmune diseases but also thwarts immune response against cancer cells — and a vascular endothelial growth factor (VEGF) inhibitor (VEGF is a protein that promotes growth of new blood vessels in normal course, but is also produced by tumours to create a blood supply for them). It has been presented with data from more than 500 Chinese patients with advanced squamous lung cancer. Big Pharma companies including Merck, Pfizer, and Bristol Myers Squibb are now racing to strike billion-dollar deals for Chinese-invented assets. US health secretary Robert F Kennedy Jr. told Congress bluntly that "China is eating our lunch." Former US Food and Drug Adminis-

tration (FDA) leaders are warning of a dangerous new dependency on Chinese drug innovation, even as they question whether results from Chinese patients will translate to Americans.

This is a remarkable shift. For decades, the US dominated innovative biotechnology. China was viewed as a manufacturing base, fast follower and copier. That era is ending and China is now producing patents, papers, clinical trials and globally competitive drugs at a speed that should worry every country that wants a role in the future of medicine.

For India, this should be a huge wake-up call. This is a race it should have already won.

In building my Silicon Valley company, Vionix Biosciences, in India, and having guided Karkinos Healthcare, India's cancer moonshot that is now part of the Reliance empire, I have seen firsthand what India has: Scientific talent, patient diversity, cost advantages and digital infrastructure. Every time I sit with researchers at IIT Kharagpur, AIIMS Delhi, or the Indian Institute of Science in Bengaluru, I see the same fire in their eyes. At IIT Kharagpur, in particular, faculty across medicine, biotechnology, engineering, Artificial Intelligence (AI), water resources and environmental science are chomping at the bit to participate in global innovation. These are scientists and engineers who want to lead discovery in cancer, rare diseases, antimicrobial resistance, environmental health and precision medicine.

They are ready, but India's inferior-

ity complex is letting them down.

India has world-class researchers, extraordinary clinicians, elite engineers and a massive base of patients whose biology, environment, diet and disease patterns could help answer questions that western research cannot. It also has something the US lacks — the chance to design a modern biotech innovation system without being trapped by decades of legacy regulation and entrenched industry control.

Yet too much of Indian life sciences still operates as if the country's highest calling is to serve as a low-cost execution arm for others. Too many talented scientists generate data for global trials designed elsewhere, owned elsewhere and monetised elsewhere. Too many institutions celebrate biosimilars and incremental

improvements when the real prize is original intellectual property (IP).

India also possesses one of the world's greatest untapped scientific assets — longitudinal, multi-ethnic, treatment-naïve patient data across one of the most heterogeneous populations on earth. Its disease burden, environmental exposures, dietary patterns and genetic diversity create a living laboratory that no single western country can match. AI models trained responsibly on Indian data could generalise globally better than models built on narrower cohorts in Boston, London or Shanghai.

India must move faster without sacrificing safety. It can build advanced adaptive and platform trial frameworks, create AI regulatory sandboxes inside major cancer institutes, and



India has researchers, clinicians, elite engineers and a base of patients who could help answer questions that western research cannot. SHUTTERSTOCK

allow carefully monitored Indian-designed molecules, diagnostics and digital health tools to move from discovery to early human validation in months rather than years.

India has rightly celebrated frugal engineering. It should now demand original invention at scale. Every AIIMS and IIT should have a serious translational research centre that connects engineers, doctors, biologists, data scientists and entrepreneurs. Principal investigators should be funded like national assets. India should create a sovereign biotech venture vehicle that backs Indian-led assets before western investors arrive to dictate terms. The diaspora should be invited back into co-creation, not just as mentors or donors, but as builders.

There are already a few notable successes. ImmunoACT has shown that advanced cell therapy can be made dramatically more affordable. Eystem is doing important regenerative medicine work. Zydsun, Sun Pharma, and others are moving beyond traditional generics into branded innovation. Clinical trial activity is rising. The Union Budget's Biopharma Shakti push and the RDI fund are positive signals. And, of course, there is Biocon,

which showed long ago that an Indian biotech company could compete on the world stage.

Kiran Mazumdar-Shaw has often said that India's biotech opportunity could reach \$1.2 trillion by 2047 if the country builds the capital markets, regulatory pathways and innovation ecosystem needed to support world-class biotech companies. She is right, and India cannot depend on just one Biocon. It needs a hundred companies creating world-class biotechnology IP. It must move from being the pharmacy of the world to becoming one of the world's great engines of medical discovery.

The ASCO moment should focus minds in Delhi, Bengaluru, Hyderabad, Mumbai and every major research institution in the country — and make them realise the opportunity. China has shown what speed and State-backed ambition can do, while America is beginning to recognise that its old dominance is no longer guaranteed. India still has an extraordinary opening because it combines scale, talent, diversity, entrepreneurship and democratic openness.

Vivek Wadhwa is CEO, Vionix Biosciences. The views expressed are personal

{ GRAND STRATEGY }

Happymon Jacob



## US-Iran peace deal: A war Trump chose & lost

The war that the US and Israel launched against Iran on February 28 is now — at least on paper — ending. Or is being paused for now. On June 17, the two warring sides signed a memorandum of understanding (MoU) electronically, and they will sign it in person on June 19 in Switzerland. The temporary end to the war will run for 60 days, but the hard questions are yet to be settled, including the Iranian nuclear capability issue. After 107 days of fighting, the killing of Iran's Supreme Leader, Ayatollah Khamenei, and hundreds of others, including children, and the choking of the maritime route for a sizeable share of global energy commerce, US President Donald Trump is ending this war roughly where he began it — with both sides bloodied, of course. It is important to state the obvious lest we forget amid the news cycle tomorrow: Washington chose to fight an unnecessary war, and lost the war. In choosing, and losing, a needless war, it put the security of nations and people in danger that had no part in it.

Let's consider, first, the choice of going to war, and the manner in which it played out. It was started on flimsy grounds, without a clear plan, and with outcome-expectations that bordered on the delusional. Consider, next, what the war achieved against what it set out to do. The most obvious outcome of the peace MoU is the reopening of the Strait of Hormuz, which Trump counts as a big victory. But the fact is that Iran closed that Strait in response to the American-Israeli attack so, the reopening does no more than undoing the harm Trump's war caused. On the nuclear question — the US's most clearly stated purpose to start the war — things look worse than when the war started. In 2018, Trump abandoned an agreement that capped Iranian enrichment at 3.67% under International Atomic Energy Agency (IAEA) inspection. The war ends with roughly 440 kilograms of uranium enriched to 60% in Iran's possession. Washington says weapons-grade uranium will be "diluted"; Iran says it is open to discussing this. We will have to wait to see how that goes.

Another aim of the war — never stated officially but definitely hoped for — was overthrowing the Iranian regime and replacing it with a more pliable regime. Here, too, the war produced the opposite result. In December, Iran's cities were filled with Iranians turning against their Islamic rulers. The US-Israeli war gave that embattled regime the tool to turn the tide on the popular backlash. A government challenged from within before the start of the war now rules from a position of recovered legitimacy, no longer sanctioned and billions flowing in for reconstruction. Forget regime change, even basic reforms that the popular uprising in Iran was championing now seem a tough ask.

UNTIL RECENTLY, EUROPE AND INDIA TOOK IT FOR GRANTED THAT THE US WAS THE CUSTODIAN OF THE GLOBAL ORDER

The agreement, from the American perspective, should read like a loser's surrender terms. According to reported accounts of the agreement, Washington is likely to lift sanctions, grant waivers for Iranian fuel exports, and persuade its regional partners to create a reconstruction fund for Iran worth hundreds of billions of dollars. I will repeat the point so that the irony is not lost on anyone: The Gulf States took Iranian missiles for letting Washington strike Iran from their soil, got little protection in return, and are now being asked to fund Iran's reconstruction. It is possible that American taxpayer money too will go into that kitty. Some victory that is.

Until recently, Europe and India took it for granted that the US was the custodian of the global order, and of the commons that came with it. That assumption now stands thoroughly belied. Washington withdrawing from the system it had built was one thing. It has now gone further, from neglecting the global commons to actively damaging it — in this case, the Strait of Hormuz. The custodian of the old order has now become its worst enemy.

India watched the war from an uncomfortable position. When Russia invaded Ukraine, New Delhi could treat it as a distant war and even profit from this distance, buying discounted Russian crude while declining to take sides. The war against Iran, fought not too far from our shores, allowed no such luxury of detachment. It entered the Indian economy through the price of fuel, the lives of our sailors lost in West Asian seas, and through the threat to the lives and livelihoods of the nine million Indians in the Gulf. More worrying is the question of where India will find itself once the dust settles. For a decade now, New Delhi has invested heavily in an axis comprising the US, Israel and the UAE. It is this axis that the war has embarrassed. Washington looks clueless and silly. Israel's regional standing is now heavily contested, and Pakistan has waltzed into a season of diplomatic influence won without firing a shot, temporary as it may be. India's choices were perhaps a function of pure necessity — owing to its material inability on shaping geopolitics around it. But India has no reason to stay faithful to an embarrassed axis — it must reopen serious channels of communication with those sides it can work with, particularly Saudi Arabia and Iran.

What the war has exposed will not end with it. For decades, countries such as India learned to work within the imperfect order the US underwrote and counted on Washington to keep its fundamentals intact. Washington has clearly gone rogue, against the order it built. There is no one to discipline it and nothing yet to replace it. For India, and for others who once built their plans on a (reformed) world maintained by Washington, the task now is to learn to live in an orderless world, and build a new order. That is the real work this war leaves behind for Delhi.

Happymon Jacob is founder and director of Council for Strategic and Defense Research and editor, INDIA'S WORLD magazine. The views expressed are personal

{ P ASHOK GAJAPATHI RAJU } GOVERNOR, GOA

On this day in 1946, the people of Goa overcame fear and raised their voices against colonial rule... Their struggle reminds us that liberty... is earned through perseverance, unity and sacrifice



Remarks made during Goa Liberation Day function



## Peace deal strengthens Iran's hand in West Asia

The US and Iran signed a 14-point memorandum of understanding (MoU) on Thursday, which is aimed at suspending the war and paving the way for further negotiations over the next 60 days. For the US, it is an exit deal to avoid another long-term military commitment in West Asia. For Tehran, it is simply victory through survival, with Iran's post-1979 Islamic Revolution polity managing to cling to power.

The US-Israel military campaign did yield tactical wins: Iranian military infrastructure is severely damaged and will take years to rebuild as it relied on numbers and not technological edge, and decapitation strikes against the Iranian clerical-political dispensation and military — including top-level leaders of the powerful Islamic Revolutionary Guards Corps (IRGC) — have left the leadership weakened, though the assassination of Supreme Leader Ayatollah Ali Khamenei galvanised warring factions within Iran to believe that the conflict had existential ramifications.

While the Iranians had been ideologically preparing for this war for almost half a century, the 2020 assassination of Quds Force chief Qassem Soleimani in a US airstrike in Iraq likely set the scene for the 12-day war in 2025 and the three-month war in 2026. US strikes on Iranian nuclear facilities in 2025 caused significant damage, setting back Tehran's nuclear programme by years if not decades.

Iran's grip over the Strait of Hormuz jolted global economics. For the country, threats to close off Hormuz were never mere talk. In Tehran's calculations, its military power was not adequate to challenge American and Israeli technologies. The conflict also became a regional puzzle rather than a bilateral one with US-Israel on one side and Iran on the other. Iran's shower of missiles and drones on Israel and American strategic locations in the region did much less damage than what it itself suffered at the hands of Israel and the US. So, it chose to make the war a regional one, having threatened this for months before the conflict. Imposing costs on its Gulf neighbours' energy infrastructure certainly built pressure on the US and Israel.

Now, the 14-point MoU is the starting point for negotiations. It buys Iran critical time if the concessions highlighted are delivered.

The complexities for a broader deal, however, remain palpable. To begin with, the external issues on which the success of this agreement is contingent are too spread out. It would require Israel to align with all parties involved and cease its attacks on Lebanon. This would be a difficult proposition for Israeli Prime Minister Benjamin Netanyahu whose government saw the conflict as a once-in-a-generation opportunity to neutralise the Iranian threat. With Trump initially on his side, Netanyahu launched a maximalist operation that included occupying territory in southern Lebanon. Iran has made Lebanon's interests a core deliverable for the deal, and Trump seems to be toying the line. He criticised Israel and Netanyahu personally in the run-up to the signing of the agreement, in an attempt to keep its prospects alive.

From Iran's strategic-interests perspective, whether it is the Strait of Hormuz or Lebanon, external leverage it has built over the past decades paid off. That said, from the selection of Mojtaba Khamenei as the next Ayatollah in a system where nepotistic handing down of power has always been rejected to the IRGC doubling down on its influence in Iran's political governance system — under a weak and perhaps even an incapacitated spiritual leader — are political realities that will need internal management. More so, at a time when internal trust seems low. These fissures often played out in public — from foreign minister Abbas Araghchi's disagreement with the military to President Masoud Pezeshkian condoning his own military's heavy-handedness against Qatar, along with deep penetration of the country's polity by intelligence agencies such as those of Israel. Iran wrangling a deal without collapsing is thus notable.

The Iran-US story is certainly not over. The next 60 days will keep West Asia on the edge; resumption of warfare cannot be ruled out in the future. Two things are certain, though. First, the US has little appetite left for a prolonged war, especially when the political aims are far-fetched. Second, Tehran under the legatees of the Islamic Revolution is a survivor-State reality for the region and will have to be approached accordingly.

Kabir Taneja is the executive director of the Observer Research Foundation Middle East. The views expressed are personal

# Opinion

FRIDAY, JUNE 19, 2026



## AI AMBITIONS

Union Minister Piyush Goyal

India is a compelling case for the world. Our young and talented population, affordable data, growing capabilities, and a vision for shared growth position India at the forefront of technological development

## Of good stock

NSE's public offer marks a milestone in the history of the Indian capital market

**T**HE NATIONAL STOCK Exchange (NSE) has finally kicked off its long-awaited initial public offering (IPO), setting the stage for what is likely to be the country's largest equity capital raise. Regulatory concerns may have delayed the listing of India's premier bourse, but that should not detract from the significance of the moment. Investors who have waited more than a decade for an exit are set to be richly rewarded for their patience. Where the shares are eventually priced remains to be seen. However, assuming a price of ₹2,000 a share — roughly in line with grey-market indications — State Bank of India's investment of about ₹2 crore would be worth nearly ₹5,000 crore. Similarly, investor Radhakishan Damani's 1.58% stake would be valued at around ₹7,800 crore. The NSE is undoubtedly one of India's greatest institution-building success stories. Its dominance across market segments — cash equities and equity futures and options — is overwhelming, with market shares exceeding 90% in several categories. Few would have predicted in 1994 that it would leave the century-old Bombay Stock Exchange so far behind. With India's capital markets poised for sustained growth, investors are likely to place a premium valuation on the exchange.

The NSE's listing is unlikely to be the last mega offering. Reliance Platforms is also expected to tap the market in the not-too-distant future. Together, the two IPOs could absorb as much as ₹55,000-60,000 crore of investor savings. The ability of the market to host such large fund-raises — companies raised a record ₹1.8 lakh crore through IPOs in FY26 — is testimony to the growing depth of India's capital markets. Retail participation, both directly and through mutual funds, continues to rise steadily. It is therefore no surprise that an increasing number of companies are not only choosing to list but are also able to command attractive valuations. Citi India estimates that IPO fundraising in calendar year 2026 could exceed ₹2.35 lakh crore. Capital mobilisation on this scale is evidence of a flourishing equity culture. Companies such as Flipkart and PhonePe, which had slowed their listing plans amid geopolitical uncertainties, are also likely to revive those efforts.

The flip side of a buoyant primary market is that it inevitably competes with the secondary market for liquidity. Indeed, the flood of new paper over the past few years has been one reason for the relatively modest performance of listed equities. Yet domestic investors have shown remarkable resilience. Monthly inflows into systematic investment plans have averaged about ₹30,000 crore over the past year, providing a stable source of capital. Domestic institutions, which invested a record ₹8.5 lakh crore in equities in FY26, have remained enthusiastic participants in IPOs.

The more interesting question is whether foreign portfolio investors will return in a meaningful way for the next wave of offerings. India's weight in global emerging-market funds has fallen to a five-year low of around 11%, while global investors remain close to a two-decade high underweight on Indian equities. This is despite valuations having moderated and moved closer to long-term averages. While overseas investors may remain selective in the secondary market, they could well be drawn to the IPO pipeline, particularly as many of the companies preparing to list operate in new-age and high-growth sectors. India may not yet have a listed artificial intelligence champion, but it has no shortage of compelling businesses capable of attracting global capital.

## PEACE PACT

A MILITARILY WEAKER IRAN HAS HIGHLIGHTED THE US'S STRATEGIC INCOMPETENCE

# A strategic upper hand for Iran

**W**ILL THE US-IRAN deal, signed between Presidents Donald Trump and Masoud Pezeshkian in the 17th-century French palace of Versailles on June 17, usher in lasting peace? Or will it turn out to be a peace which will be a short period of preparation for the next war between the two countries?

First, it should be recognised that acting together, the US and Israel have neither defeated Iran nor accomplished the regime change they set out to achieve, although its then Supreme Leader Ayatollah Ali Khamenei was killed in an Israeli air strike on February 28.

Second, the Strait of Hormuz will be reopened over a 30-day period, during which Iran will remove the mines it planted along the main navigation channel during the war, while the US will lift its blockade of the Strait.

American concerns over Iran's nuclear programme remain, but the negotiating period for ending it has been extended over a 60-day period. Tehran, however, will be "allowed" to have ballistic missiles because Trump holds that if other countries, including Saudi Arabia and Qatar, have some, then in all fairness, Iran should too. American troops will remain in the Gulf for a while.

Somewhat remarkably, the US will present Iran with a \$300-billion aid for "reconstruction", and Washington will end "all types of sanctions" on Iran. Tehran will now receive economic relief in exchange for lifting the blockade on Hormuz and restoring free passage through the Strait.

Iran's ability to close down navigation in Hormuz will, in addition to the retention of its ballistic missile capability and its open return to the international oil market, signal its status as

## ANITA INDER SINGH

Founding Professor, Centre for Peace and Conflict Resolution



one of the most powerful West Asian countries — in spite of being pounded for four months. This outcome, after months of destruction and global economic disruption, marks the greatest foreign policy failure of both of Trump's presidential terms. The consequences of that failure will make the US's strategic challenges in West Asia harder than ever to confront.

West Asian states — and other countries, too — are noting the fact that the US failed to achieve a decisive victory against a weaker country like Iran. Washington also showed itself to be unreliable, unpredictable, and erratic. This will damage regional and international confidence in Washington's ability to maintain stability. The US's credibility has eroded.

Israeli Prime Minister Benjamin Netanyahu was pressured by Trump to end the war and stop the strikes on Lebanon. Whether this will cost him an electoral victory later this year is an open question. Israel deployed massive resources into the conflict; its citizens repeatedly faced bomb threats from Iran. Even so, Netanyahu didn't achieve his endgame of Iranian regime change. Meanwhile, some Israelis have

understandably raised questions about Iran's sincerity about negotiations over its nuclear programme, now that the US has removed economic and military pressures on Tehran.

The deal has an immediate effect on international oil prices, but the question is whether they will fall at least to the level that existed before the war started and hold there. On Thursday, oil prices fell to the lowest level since the war began.

On another plane, Iran insisted that any ceasefire must include an end to hostilities in Lebanon. Washington accepted that condition.

During the war, for the first time, Tehran responded with missile attacks on Israel in retaliation for Israeli strikes on Hezbollah targets. This reflects an important shift in the Iran-Israel equation and more broadly, in regional security. Like Israel, Iran has asserted its right to intervene beyond its border to safeguard its security. Apparently, Iran has persuaded Trump, who has leaned heavily on Israel, to press Tel Aviv to stop attacks on Lebanon. On March 16, Israel launched a ground offensive against the Iran-backed Hezbollah in Lebanon, which had entered the

broader regional escalation stemming from the war with Iran. So far, it is unclear whether Israel will abide by the US-Iran truce.

Meanwhile, sanctions on the sale of Iranian oil will be lifted. A transactional India, which has never condemned the violation of international law by the US and Israel when they mounted their attack on Iran, will buy as much Iranian oil as it can while the going is good.

While a substantial part of internationally blocked Iranian funds are to be released to Tehran, it is uncertain how Trump will manage their transfer, since Washington denies that any funds have been released or will be released upfront.

Even Gulf states like the United Arab Emirates, despite its alliance with the US and Israel, will welcome an early end to the conflict. An important regional country has legitimised the Iranian revolutionary regime while shattering Israel's dream of emerging as a West Asian superpower despite the alignment of both with the US.

While much of Iran's civilian and economic infrastructure was destroyed by bombing, it showed its capacity to inflict immense pain on the Gulf states and the global economy by adversely impacting their internationally connected economies.

## Outlook

Any renewed breakout of war that would subject Iran to a bombing campaign would simultaneously prolong the economic pain for rich Gulf economies, trigger higher inflation worldwide, and a possible recession in the US. In the event of new peace talks, Iran would have stronger bargaining power, given its ability to highlight America's strategic incompetence. For the statecraft of a militarily inferior Iran has clearly made up for its weaknesses.

**Any renewed breakout of war that would subject Iran to a bombing campaign would simultaneously prolong the economic pain for rich Gulf economies, trigger higher inflation worldwide, and a possible recession in the US**

**Bernie Sanders and Mamdani are no longer lone voices in the US. More and more politicians are beginning to see this as a ticket to popularity, so different versions of Mamdani's approach will begin to spread**

**What is even more surprising is that these supposedly smart business elites don't seem to recognise that reducing inequality will actually lead to stronger and more sustainable growth — I mean, how many ice creams can Jeff Bezos buy, right? If some part of their wealth is effectively**

**LETTERS TO THE EDITOR**

**Importance of ATMs**

Apropos of "ATMs, cash shortages, and staircases" (FE, June 18), a resilient payment ecosystem requires both digital payments and cash. While digital payments have transformed convenience and efficiency, cash continues to play a vital role in ensuring business continuity and payment resilience. In a country as diverse as India, where disruptions can arise from natural calamities, infrastructure failures, or geopolitical uncertainties,

## Long live wealth tax

If Warsh can mould the Fed to his way of thinking, making money from money will no longer be as easy as it has been. And the shocking rise in inequality will begin to taper off



## JAMAL MECKLAI

CEO, Mecklai Financial  
www.mecklai.com

**DURING HIS SENATE** confirmation hearings, Kevin Warsh, the new Federal Reserve chairman, stressed his belief that its communication strategy needed to shift towards "strategic ambiguity" and questioned the need for regular post-meeting press conferences and, indeed, the large number of speeches given by Fed officials.

This is a radical but eminently sensible attitude. Over the past few decades, as the Fed has innocently broadcast its intentions, reflecting its much-admired transparency, market players — generally already knowledgeable and wealthy enough to take advantage of these hints — have been able to increase their wealth substantially, certainly as compared to the man on the street. And while this is certainly not the root cause of inequality, there is little doubt that central bank behaviour has exacerbated the accelerating trend of income and wealth inequality.

If Warsh is able to stick to his beliefs, it could lead to a dramatic change in market behaviour. First, interest rate volatility would increase, since daddy will no longer be there to show you the way. This increased risk would affect equity valuations. Given the increased importance of the private credit market in the US as well as the "irrational exuberance" in the equity markets, it could turn into the

proverbial straw that breaks the camel's back.

Of course, this will not happen immediately — I note that in his first meeting as Chairman, the Fed did (as per the classic approach) project a potential rate hike by the end of this year. And markets will certainly push back against the threat that the money-for-jam framework that regulators have so proudly and sanctimoniously built over the years could end suddenly. But, if Warsh can mould the Fed to his way of thinking — and in sound tradition of "believing" instead of just "hoping", I should say "when" instead of "if" — making money from money will no longer be as easy as it has been. And the shocking and continuing rise in inequality will begin to taper off.

Of course, actually reducing inequality will require some sustained action on reasonable and fair taxation. There have already been many tickles — Zohran Mamdani's pied-à-terre tax, for instance, which was, of course, met with unbelievable anger. Although it was heartening to read about a wealthy woman, who lives

in New York, and who recently went public with her approval of the city's pied-à-terre tax, arguing that ultra-wealthy individuals — many of whom (like her) legally reside in zero-tax states like Florida — have ample money to support essential city and cultural institutions. More power to her and may her breed thrive and multiply.

For the decade or so since Thomas Piketty's *Capital in the Twenty-first Century* turned inequality into an economic issue, I have been amazed at the horrified reactions of so many incredibly wealthy people — I guess, rich though they may be, many of them are cheapskates at heart. A 5% tax on second homes or a 2% annual tax on wealth is not going to materially affect Elon Musk's lifestyle or that of his descendants.

What is even more surprising is that these supposedly smart business elites don't seem to recognise that reducing inequality will actually lead to stronger and more sustainable growth — I mean, how many ice creams can Jeff Bezos buy, right? If some part of their wealth is effectively

distributed more widely, ice cream sales would shoot higher; and, as with ice cream, so with many other products of mass consumption, all of which would lead to greater business opportunities and increased growth.

The good news is that Bernie Sanders and Mamdani are no longer lone voices in the US. More and more politicians are beginning to see this as a ticket to popularity, so different versions of Mamdani's approach will certainly begin to spread. Already, Massachusetts, Maine, and Washington have approved higher taxes on residents earning more than \$1 million, and California, Rhode Island, Virginia, and others have floated different tax proposals.

And, as I have delightedly pointed out, the impact of this change may well get a boost from the new Fed Chairman's belief that — as I learned at my father's knee — the central bank should be like God; you don't know s/he is there unless there is a crisis. Enough of this babble from the Fed.

Importantly for us (and the rest of the world), approaches that start in the US often spread rapidly, and hopefully, soon enough our government will realise that its dreams of Viksit Bharat have a much better chance of coming to fruition if the country had a more progressive tax policy and, indeed, a wealth tax.

Write to us at feletters@expressindia.com

## SpaceX, Samsung, Hynix are now meme stocks

**DURING THE COVID-19** pandemic, meme mania swept through the US stock market, short-squeezing and shuttering high-profile hedge funds. That is nothing compared to what we are witnessing in the agentic AI era.

The latest breed is different. They are not struggling video-game or cinema chains — you might remember GameStop and AMC Entertainment Holdings — but trillion-dollar companies whose sheer size alone can distort and sink entire equity markets.

These mega-caps are destined to become meme stocks, because traditional valuation methods don't apply. It's meaningless to talk about the earnings trajectory of SpaceX, formerly known as Space Exploration Technologies, given the fantastic dream trillionaire Elon Musk is selling. Fans are simply paying for a Musk premium, believing that they will be as handsomely rewarded as the early backers of Tesla Inc.

South Korea's memory chipmakers Samsung Electronics and SK Hynix Inc are equally impossible to value. They operate in a volatile industry where a business cycle can be as short as two to three years. As a result, any subtle shift in the perception of the length and magnitude of the cycle can move the needle. Samsung, for instance, was valued at 26 times forward earnings in early 2023 before crashing to only eight times a year and half later.

Without fair value as an anchor, mechanical trading dynamics are in the driver's seat. The new catch-phrase is gamma squeeze, which describes a rapid surge in share price driven by bullish bets in the options market. When selling a call option, market-makers have to buy the underlying stock as a hedge, thereby pushing up its price.

Contracts tied to SpaceX officially launched on Tuesday, with nearly one million call options traded and much of the volume concentrated on those that expire on Thursday. This perhaps explains why the rocket maker has overtaken Amazon.com in market cap. SpaceX's free float — the percentage of outstanding shares trading in the open market — is only 7.5%, versus Amazon's 91.8%, according to data compiled by Bloomberg.

In South Korea, dealers have been busy hedging. The number of call options outstanding on Samsung and Hynix has soared in recent weeks, due in part to the launch of leveraged single-stock ETFs, which need to rebalance daily with the use of derivatives. These activities account for an estimated 60% to 70% of Hynix's stock trading.

But these trillion-dollar meme stocks can be mean, too. As derivatives trading takes Korea by storm, the KOSPI's volatility has shot up. More positions are being forced into liquidation, a sign that perhaps less savvy investors are getting caught in a high-stakes roulette that they don't fully understand. As for Musk's die-hard fans, good luck funding a business empire with this out-of-this-world capital spending needs.

So what to do with this new meme craze? As an asset class, the entire emerging markets is infected, because the two Korean chipmakers account for about 15% of the benchmark MSCI index. SpaceX is expected to be included in the blue-chip Nasdaq 100 Index in early July.

One could stay away and resist the temptation to replicate others' success — you don't want to be left holding the bag. But don't stand in front of the liquidity train, either. Even Michael Burry of *The Big Short* fame said that while tempted, he had no position in SpaceX, because options used to wager against the stock are too expensive.

After all, this wave of meme trading is abetted and amplified by the powerful Wall Street machine, which has staked its prestige to validate gravity-defying valuations. To help sell shares, Morgan Stanley predicted SpaceX's revenue could reach \$3.4 trillion in 2040. Meanwhile, a chorus of semiconductor analysts are talking up an AI-fuelled supercycle. These bullish outlooks give retail investors the impression that the likes of SpaceX are still good deals. It's a dynamic not seen during the 2021 GameStop days.

You may not believe that SpaceX can build AI data centres in space one day, or that memory chips are in short supply until the end of the decade. But make no mistake: The trillion-dollar hype is upon us.



## Editor's TAKE

### Trump inks peace deal, world takes a deep breath

The Washington-Tehran agreement marks the first meaningful diplomatic breakthrough since the devastating US-Israeli strikes of February 28

History rarely arrives neatly. It comes instead in the form of a Truth Social post: "The Deal with the Islamic Republic of Iran is now complete. Congratulations to all!" The 14-point Memorandum of Understanding signed between Washington and Tehran, brokered by Pakistan in what is now called the Islamabad Declaration, is neither a triumph nor a treaty. It is a respite. And in a West Asia that has burned for nearly four months – since the US-Israeli strikes of February 28 that killed Supreme Leader Khamenei and shattered Iran's military architecture – even a respite deserves acknowledgment.

The agreement asserts that Iran can never develop a nuclear weapon and commits both sides to addressing Iran's existing enriched uranium stockpile, with the minimum methodology being down-blending on-site under IAEA supervision. Point 5 of the MOU commits Iran to arranging safe, toll-free passage of commercial vessels through the Strait of Hormuz for 60 days.

Point 6 pledges the United States, with regional partners, to develop a reconstruction and economic development fund of at least \$300 billion for Iran. Points 9 and 10 establish a status quo freeze – Iran pauses its nuclear programme, the US issues waivers for Iranian oil exports and banking transactions, and frozen Iranian assets are made available for use.

Critically, the framework sets a 60-day window for negotiations to resolve the fate of Iran's nuclear programme, enrichment levels, and highly enriched uranium stockpiles. Oil prices have already begun retreating from their \$100-plus wartime highs towards \$74-78 per barrel. Global inflation, supply chains, and energy-importing nations from India to Germany stand to benefit enormously if the Hormuz reopening holds. Markets the world over have celebrated the deal. The Dow hit a record high the day the deal was announced. Though not everyone was happy.

Israel's Prime Minister Netanyahu, in his first comments on the deal, acknowledged that he and Trump "do not always see eye to eye", while making clear Israel intends to continue its military occupation of Lebanon, Gaza and Syria. Israel's ambivalence is a live fault line under this peace.

A memorandum is not a monument. To make this peace durable, several things must follow: the 60-day nuclear negotiations must yield a verifiable, permanent enrichment framework with genuine IAEA teeth; the \$300 billion reconstruction pledge must materialise rather than remain a diplomatic abstraction; and crucially, Israel and Hezbollah must be brought formally into a comprehensive regional settlement – because both sides have continued sporadic strikes even after the April ceasefire, and the Lebanon front remains technically outside the MOU's binding framework. Peace, like all fragile things, requires more care after signing than before. The world has its respite. Now comes the harder work – to prolong it as long as possible.

## The empire forgets, Iran remembers

As Iran returns to the global spotlight, its football team has become an unlikely vessel for national memory, resilience and a civilisation's refusal to forget



**BHOPINDER SINGH**

FIFA's 20<sup>th</sup>-ranked team, ie, Iran, is not amongst the frontrunners to win the 2026 Football World Cup. Yet it is amongst the most talked-about teams participating. Much like the nation in the midst of its war with the United States of America and Israel, it is built around a solid control framework, with a highly defensive ability to counterpunch and transition through its battle-hardened players. It can spring surprises when least expected.

Perhaps the most symbolically poignant image to come out of the tournament was the sight of Iranian footballers wearing "#168" lapel pins, a silent homage to the memory of 168 schoolgirls killed in the deadly missile airstrike by the United States of America on a school in Iran. It was a continuation of an effort to memorialise the conscience and wounds imagined by a hurt (but not defeated) people. Weeks earlier, Iranian footballers had movingly held up pink and purple school backpacks while their national anthem played in a warm-up game in Turkey. Even Team Melli's (Iranian National Football Team) anthem is a telling ode to perseverance, pride and fighting spirit, with the evocative lyrics "until the last breath".

In Shi'a sensibility, symbolism and remembrance of suffering are fundamental because they keep alive the memory of Karbala and the moral struggle against injustice, wherein Karbala becomes the universal metaphor, as every age has its Husayn and its oppressors (in this case, the United States of America). The emotional power of grief, martyrdom and historical memory gives Shiite religious culture much of its distinctive character and resilience. Therefore, the emergence of a popular phrase, "Angels of Minab", serves to internalise and institutionalise the tragic loss in national character and conscience. But such profound religio-cultural nuance is not expected to cut ice with an insensitive ignoramus like the President of the United States of America, Donald Trump. In the deep recesses of Iranian-Shiite belief systems, never (ever) forgetting and preserving memory is viewed as a way of giving enduring meaning to loss.

When two conflicting nations contest, each carries a book of grievances where the first page is never the same. Very selectively and conveniently, the American imagination of the tensions starts with the Iranian Revolution in 1979 in order to begin where innocence is easiest to claim. For the Iranian



THE WORLD AT LARGE MAY SEE THE REOPENING OF THE STRAIT OF HORMUZ AND THE RESUMPTION OF FLIGHT ROUTES WHEN THE WAR FINALLY ENDS AND THE GUNS FALL SILENT, BUT HISTORICAL WOUNDS WILL FESTER AND ENDURE UNTIL THEY ARE ACKNOWLEDGED

The writer is a former Lieutenant Governor of the Andaman and Nicobar Islands and Puducherry, and a military veteran

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@LIRajputs  
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psyche, the US's unwarranted meddling in its internal affairs started much earlier, in 1953, when a CIA-inspired coup deposed a popular nationalist, Mohammad Mosaddeq. For proud Iranians, the wound was not just the American interference but the deep-rooted sense that it was never fully acknowledged, let alone atoned for. History moved on; Iranian memory of humiliation and hurt did not.

There are countless instances of Americans dishonouring the Iranian nation, and yet those never feature in the Western narrative. From supporting the Shah's dictatorial excesses, to supporting Saddam Hussein in the Iran-Iraq War (despite the known usage of chemical weapons), shooting down Flight 655 that killed 290 innocent civilians, perpetuating debilitating sanctions, reneging unilaterally on the Iran Nuclear Deal despite Iran meeting all provisions of the agreement, to killing the likes of General Qasim Soleimani, who was at the forefront of taking on ISIS – these remain unhealed scars that haunt the Iranian psyche, especially the fact that Americans act as if these incidents never happened. Little wonder that while the average ignorant American wonders why Iranians distrust them so much, the average Iranian wonders why Americans are surprised at the lack of trust at all. Empires remember the wound; others remember the hand that struck first.

The role of hurt and suffering is integral to Shiite identity. They unfailingly remember the suffering endured by Ali ibn Abi Talib, Fatimah, Hasan ibn Ali, Husayn ibn Ali, the

family of the Holy Prophet after Karbala, etc. In many ways, these footballers seek to immortalise the sacred memory of 168 little lives by identifying emotionally with their worldly absence as part of their "martyrological" worldview.

For the overwhelming Shia majority in Iran, memory (Dhikr) is a moral duty – the lesson of Karbala is: "never forget what happened when people looked away". That is exactly the message these Iranian footballers bring to television screens as they beseech the fleeting humanity in most, who would rather "forget the past and move on", as is the wont of modern times. However, for the Iranian Milli, the players may wear the jersey. The 168 little schoolgirls wear the memory. Together, they walk onto the pitch and shame a boorish Empire.

Following the much-banded peace talks, a semblance of normalcy may return before trust returns. Nations can sign peace treaties, but in a civilisational land like Iran, memories are respected, nurtured and carried for generations. The world at large may see the reopening of the Strait of Hormuz and the resumption of flight routes when the war finally ends and the guns fall silent, but historical wounds will fester and endure until they are acknowledged. History is equally instructive that a small-spirited and uncouth leader like Donald Trump will never admit the wrong and injury inflicted upon Iranian pride. Thankfully, the Iranian football team is seemingly cut from a better cloth, and they will never forget.

The Pioneer SINCE 1865

## The silent burden of modern educators



**SAKSHI SETHI**

### 2<sup>ND</sup> OPINION

A teacher walks into the classroom with much more than just textbooks and lesson plans. With academic duties come expectations from various sources: parents, students, school administrators, coordinators, policymakers and society at large. Every stakeholder has unique desires, but they all view the teacher as the individual accountable for achieving outcomes. The contemporary educator has emerged as the focal point of an increasingly intricate educational environment. Although society frequently acknowledges the value of education, it often fails to recognise the significant pressure on those responsible for providing it.

Parents expect personalised attention and care for their children. School administrators look for academic excellence, discipline, innovation and measurable out-

comes. Coordinators focus on curriculum implementation, assessment schedules and regulatory compliance, while authorities expect schools to follow prescribed guidelines and policies. Society, in turn, places the responsibility on teachers to nurture responsible and value-driven citizens. Amid all these expectations, learners themselves seek an education that is engaging, personalised, comfortable and meaningful. Amidst all these expectations is a teacher striving to balance various demands while staying effective, motivated and emotionally present.

Discussions about education often focus on students, infrastructure, technology and curriculum reforms. Yet one vital question remains unanswered: Who is looking after the teachers? A teacher's work does not end with the final school bell. Lesson planning, assessments, reports, meetings and parent communication continue long after classroom hours. While technology was meant to simplify teaching, it has often added to the workload, leaving less time for meaningful teaching and student interaction.

The situation becomes even more complex because every stakeholder in the school system operates under pressure. School heads answer to managements, governing bodies, regulatory authorities and parents. Coordinators and department heads are expected to ensure curriculum delivery, maintain academic stan-

dards, monitor assessments, support teachers, address parent concerns and translate institutional policies into classroom practice. Yet educational leadership cannot be limited to monitoring deadlines, reports and performance data. Effective leaders are not merely supervisors; they are facilitators, mentors and advocates for their teachers. The strongest schools are not only those with impressive infrastructure or high examination results, but those where leaders understand that teacher well-being directly affects student learning. Teachers who feel trusted, supported and valued are more likely to teach with confidence, creativity and commitment.

Society expects teachers to build resilience, inspire creativity and shape future leaders, yet often overlooks their own well-being. Burdened by growing administrative demands, many educators receive limited support for their professional and emotional growth.

A school's success should be measured not only by results, but also by teacher satisfaction, retention and workplace well-being. The future of education depends on recognising a simple truth: teachers are not machines designed to absorb unlimited pressure. If students are to flourish, we must first support those who stand at the front of the classroom.

The Pioneer SINCE 1865

The writer is an educator and a councillor

## PICTALK



Commandos showcase their skills during the passing-out parade of newly inducted Bihar Home Guard personnel at Gandhi Maidan in Patna. PHOTO: PTI

## DIGITAL EXPERIENCE

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## DRUG SAFETY BEGINS WITH STRONGER REGULATION AND OVERSIGHT

The decision to make all cough syrups prescription-only appears to address the wrong problem. The recent deaths of children linked to contaminated cough syrups expose a serious failure in drug manufacturing and regulatory oversight, not in the manner of sale. A doctor's prescription cannot guarantee the quality or safety of a medicine if the product itself is contaminated before it reaches patients.

Repeated incidents of diethylene glycol (DEG) poisoning over several decades reveal persistent gaps in quality control and enforcement. Regulatory authorities must strengthen inspections, ensure strict compliance with manufacturing standards, and establish a transparent system for tracking raw materials and finished products throughout the supply chain. Companies found guilty of violating safety norms should face

stringent penalties, including permanent cancellation of licences. Officials responsible for oversight failures must also be held accountable. Equally important is the establishment of a robust drug recall mechanism to ensure that contaminated batches are swiftly removed from circulation. Hospitals and medical practitioners should be required to report unusual clusters of poisoning symptoms immediately, enabling authorities to intervene before more lives are lost. India is rightly regarded as the pharmacy of the world. To preserve that reputation, the government must prioritise quality control, accountability and enforcement rather than relying on prescription requirements that can be easily circumvented. Public health demands lasting reforms, not temporary fixes.

Sanjay Chopra | Mohali

Please send your letter to the info@dailypioneer.com. In not more than 250 words. We appreciate your feedback.

## Misplaced focus on Telegram

The government's response to the NEET question paper leak by suspending or restricting Telegram services raises serious concerns. While preventing the spread of leaked material is important, targeting a communication platform without addressing the root cause of the problem appears both unfair and ineffective. Millions use Telegram for legitimate educational, professional and personal purposes. Penalising all users for the actions of a few does not serve the interests of justice. The real focus of the investigation should be on identifying how the question paper was leaked in the first place. Authorities must examine who was involved in setting the paper, what security protocols were followed during its preparation, printing, storage and transportation, and where the breach occurred. Every stage of the process should be thoroughly scrutinised.

It is equally important to determine whether negligence, corruption or deliberate misconduct was involved. Unless these questions are answered, the true culprits may escape accountability and similar incidents could recur. Technology platforms are merely tools. Blaming Telegram risks diverting attention from systemic failures. Only a thorough investigation and stronger safeguards can restore public confidence in the examination system.

AP THIRUVADI | CHENNAI

## Fuel pricing failures deepen energy crisis

India's domestic oil and gas pricing strategy has long been marked by inconsistency. While international crude prices remained low for extended periods, the benefits were rarely passed on to consumers. Yet whenever global prices rose, the burden was swiftly transferred to the public. The government also missed opportunities to strengthen strategic reserves during favourable market conditions, leaving the country more vulnerable during crises. The promotion of ethanol-blended fuel raises further concerns. Ethanol production is highly water-intensive, requiring significant quantities of water for every litre produced. This raises questions about its suitability for a water-stressed country like India. Comparisons with Brazil, which enjoys far greater water availability, may not be entirely appropriate. Moreover, consumers have seen little meaningful reduction in fuel prices despite higher blending targets. At the same time, India hosts one of the world's largest refining capacities, processing imported crude and exporting refined products.

These realities demand a more transparent and scientifically informed energy policy that balances affordability, sustainability and long-term energy security while safeguarding both consumers and national interests.

GIRISH R EDATHITTA | KERALA

## India rightly raises maritime concerns

Prime Minister Narendra Modi's intervention at the G7 outreach session in Évian, highlighting the deaths of Indian seafarers aboard the Settebello, was both timely and necessary. The deaths of three Indian nationals on a vessel crewed largely by Indians underscore the human cost of geopolitical conflicts far beyond our shores. India supplies nearly 12 per cent of the world's seafarers. This contribution also exposes Indian families to disproportionate risks when strategic waterways such as the Strait of Hormuz become conflict zones. Civilian maritime workers often have little choice but to operate in dangerous conditions created by international tensions.

The call for a binding international convention on seafarer safety in conflict zones deserves serious attention. India should pursue this issue through concrete proposals at the International Maritime Organisation and the United Nations. Institutional safeguards may take time to establish, but they remain the most effective means of protecting civilian crews.

India's seafarers deserve legal protection commensurate with their contribution to global trade. Raising the issue at the G7 was important; sustained diplomatic action must now follow.

A MYLSAMI | COIMBATORE



## The care economy: India's invisible growth engine

## In pursuit of a drugs-free Bharat

As India seeks faster growth and a more inclusive development model, the care economy can no longer remain in the shadows. Recognising care as a form of economic infrastructure rather than a private household responsibility is not merely a question of social justice — it is a policy imperative for the country's future



ANURADHA P S | DIVYASHREE



TUHIN A SINHA

In all cities and towns in India, an unseen economy operates behind the markets and formal workplaces: the economy of care. Nearly three times more than men's 97 minutes (NSSO), women spend 299 minutes per day on unpaid care work. This encompasses paid domestic work, elder care, childcare, and unpaid domestic labour within households, which helps millions of households to operate. However, despite contributing 15-17 per cent of India's GDP, care work is undervalued, unmeasured and poorly supported, with implications for gender equality, labour markets and social policy. Care is infrastructural labour, as it allows for paid work in various sectors. Women spend 16.9 per cent of their day in unpaid domestic work, and 2.6 per cent of their day in caregiving; men spend much less. However, this facilitating function tends not to be reflected in GDP or employment. The outcome is continuing policy neglect: investment that enhances care systems is viewed as a secondary objective of economic policy and not a priority.

The invisible care burden is most pronounced among the 'sandwich generation' of working people, particularly married people aged 35-54, who are caring for their children and ageing parents while also working.

The sandwich generation is plagued by higher health-care and education costs, an ever-increasing need for loans and credit cards, inflation, and the desire for a better life. There will almost certainly be nearly three times the number of people in the 'sandwich generation' looking after 1.9 billion elderly family members worldwide by 2050. In India, women undertake most informal care work. Female participation in the labour force in India is 37 per cent, compared with the world average of 47.8 per cent. The growth of a strong care economy has the potential to drive FLPR to global levels, generating up to \$770 billion in GDP gains by 2025 (McKinsey). Approximately 4.2 million domestic workers are employed as caregivers, with no training or protection, many of whom are women from marginalised castes and migrant backgrounds. Such labourers do not have labour rights, social security or decent working conditions.

### Economic and social costs

The absence of care has tangible impacts. Women's unpaid caring duties have negative effects on women's labour force participation, mobility and wages. The sandwich generation is just one example of this crisis: 76 per cent of them worry about becoming financially dependent on their children, while 71 per cent admit to fearing loneliness, even though 55 per cent feel secure about future family support. The added out-of-pocket costs for families who purchase private services or choose not to work are greater when they do not have reliable care options. Thirty-eight per cent of the sandwich generation are confident they will have enough saved to cover more than 10 years of retirement. When employees face multiple care crises, there are indirect costs to employers, including absenteeism and unproductive overtime. At the macro level, when care is not recognised, it limits human capital development and the effective use of the workforce.

### Marketing care isn't the only answer

The market for care in India has been growing in recent years, with the introduction of day-care centres, private elder care homes, and app-based domestic worker platforms. Markets can increase access and generate paid employment, but can, if left unchecked, exacerbate inequality. Platformisation may perpetuate low wages and informal working conditions; privatised care is less of an option for some. In the absence of regulation, the market can cement fragile forms of employment and diversify responsibility for quality and safety.

### Western lessons for India

Western countries provide contrasting models that

India can learn from and adapt to its context. Along with generous parental leave, parents in Sweden also receive subsidised childcare, which places them among the top countries in the OECD in terms of childcare benefits. Funded training programmes to skill and certify care workers, ensure quality and career progression, have been introduced in Canada. The National Disability Insurance Scheme (NDIS) in Australia sees care as an economic growth driver, with it forming part of national economic planning. In terms of public spending, OECD countries average 0.75 per cent of GDP on childcare, whereas the US invests only 0.33 per cent, which is less than half the average. Iceland is the highest-spending OECD country on childcare, spending five times more than the US. These models suggest that investment in public funding for care brings higher employment and greater workforce participation, and results in decent employment, while funding only by the private sector leads to greater inequalities and reproduces low-wage informal employment.

**Policy levers that work**  
Public investment, regulation and cultural change are needed to recognise and support care. Key policy levers:

- Public provisioning: Increase affordable, high-quality childcare and after-school care and develop community-based eldercare services. Public centres alleviate private costs and create formal jobs.
- Labour protections: Formalise protections and social security for domestic workers and care workers, such as minimum wages, contracts, access to pensions and health insurance.
- Expanding paid family leave and flexible working options: Extend paid parental leave for both parents; create leave options for caregivers; and do not penalise career advancement for flexible working hours or telework.
- Time-use measurement: Periodically gather time-use data, quantify and make unpaid care visible in policy discussions and budget decisions.
- Fiscal prioritisation: Set aside funding lines for care workforce development and care services; consider care as infrastructure.
- Incorporate targeted programmes for middle-aged adults who are juggling care responsibilities for both parents and children.

**Examples from Indian states**  
Community health workers, public anganwadis and school-based programmes have helped to alleviate household burdens. Pune and Bengaluru have introduced public day-care facilities and eldercare helplines as examples of how local governments can open up new spaces.

### Reframing care as investment

The key change required is one of concept: shifting the perspective from care being a personal responsibility or duty to care being public infrastructure and an economic input. Government and employer investment in care services and consideration of care workers leads to higher labour force participation, better child and elder outcomes, and enhanced resilience in times of crisis, such as a pandemic or a climate shock. A strong care economy can help India achieve its goal of increasing FLPR from 37 per cent to 47.8 per cent, thereby generating \$770 billion in GDP benefits.

### A policy imperative for India

In India, the issue of care policy is imperative given demographic and labour market changes. The population is becoming older, while more educated women and increasing urbanisation will increase demand for organised care. Without policy intervention, this imbalance in the burden of care will persist, slowing women's economic progress and maintaining the informal workforce. Care is the backbone of the economy. It's not about charity; it's about good public policy to make it visible and investable.

**The Pioneer**  
SINCE 1865

Anuradha P S is Professor at CHRIST (Deemed to be University). She is a senior academician, researcher & columnist, and Divyashree is Professor at Alliance University. She is an academician and researcher with a PhD

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For Union Home Minister Amit Shah, governance has increasingly come to mean setting seemingly impossible national targets and then relentlessly driving the state machinery to achieve them. His approach was visible in the Modi government's sustained rollback of Left-Wing Extremism, where the ambitious goal of a Naxal-free Bharat transformed from a political slogan into an administrative mission backed by hard deadlines, inter-agency coordination and uncompromising execution. Today, HM Amit Shah has set before the nation another sweeping objective: a completely drugs-free India by 2047.

This is not merely another welfare slogan. For HM Shah, the narcotics menace represents a direct assault on India's demographic strength, social stability and national security. It is a threat that operates simultaneously through addiction, organised crime, terror financing and black-money networks. That is why the Modi government's anti-drug campaign has evolved from isolated policing operations into a coordinated national security mission.

The seriousness with which HM Amit Shah views the issue became evident recently during "Operation RAGEPILL", when Indian agencies seized Captagon worth nearly ₹182 crore. Captagon, a dangerous synthetic stimulant often referred to internationally as the "jihadi drug", has been linked in global security discourse to extremist groups operating in conflict zones in parts of the Middle East.

The seizure was therefore not just another narcotics bust. It symbolised the growing convergence between narco-trafficking, terror ecosystems and transnational criminal syndicates. Government-backed studies and international assessments suggest that nearly 7 to 8 crore Indians are affected, to varying degrees, by substance abuse, with the problem increasingly visible among adolescents and young adults. Millions require intervention for dependence on opioids, cannabis derivatives and synthetic narcotics.

India's illegal drug economy, fuelled by domestic syndicates and international trafficking routes, is estimated to run into tens of thousands of crores annually. India's geographical proximity to the Golden Crescent and Golden Triangle — the world's two major narcotics-producing hubs — makes the threat even more severe. A country cannot hope to harness its demographic dividend while simultaneously losing sections of its youth to addiction, criminality and narco-financed violence.

This explains why, under Prime Minister Narendra Modi and HM Amit Shah, narcotics control has been elevated into a whole-of-government mission involving the Narcotics Control Bureau, intelligence agencies, coastal security networks, border forces, state police units and financial enforcement bodies.

HM Amit Shah's governance style follows a recognisable template: define a bold objective, build institutional coordination and relentlessly monitor execution. The same model is now visible in the anti-drug campaign. Under his supervision, India has witnessed record seizures of heroin, methamphetamine, cocaine and synthetic narcotics. Maritime trafficking routes, darknet-enabled distribution systems and cross-border supply chains have all come under intensified scrutiny. Anti-drug operations are intelligence-driven and nationally coordinated.

Equally symbolic has been the large-scale destruction of confiscated narcotics worth thousands of crores. These destruction drives are not merely procedural exercises. They are designed to send a clear political message that the Indian state will show zero tolerance towards drug mafias. The recent "Operation RAGEPILL" seizure further reinforced the global dimensions of India's anti-drug effort. Authorities arrested a Syrian national while probing wider international trafficking links associated with the Captagon consignment. Such operations strengthen the government's argument that India is no longer dealing merely with localised narcotics syndicates, but with sophisticated transnational networks. The Modi government recognises that narcotics trafficking is inseparable from hawala operations, black money, money laundering and terror financing.

Consequently, agencies such as the Enforcement Directorate have intensified investigations into the financial infrastructure supporting narcotics syndicates. Properties linked to traffickers have been attached, shell companies investigated and illicit funding channels dismantled. The Home Ministry's position has been consistent: narco-money cannot be viewed in isolation. Drug proceeds often flow into organised crime, illegal arms procurement, separatist activity and extremist violence. Perhaps the most striking success story of this campaign has emerged in India's North-Eastern region. Historically vulnerable because of its proximity to the Golden Triangle, the region had long been exploited as a transit corridor for heroin and synthetic drugs entering India. Enhanced border surveillance, intelligence-sharing and anti-smuggling operations have led to repeated interceptions of narcotics consignments and the disruption of trafficking routes.

Importantly, the anti-drug effort in the North East has also been integrated with the Modi government's larger developmental vision for the region. Infrastructure expansion, connectivity projects and economic integration are viewed as long-term safeguards against narco-criminal ecosystems that thrive on instability and unemployment. The BJP has sought to draw a sharp contrast between the Centre's aggressive anti-drug posture and what it describes as the softer approach of certain opposition-ruled states.

In Punjab, the drug menace has become both a social tragedy and a political flash-point. Critics have repeatedly accused the government led by Chief Minister Bhagwant Mann and the Aam Aadmi Party of failing to decisively dismantle entrenched narcotics networks despite repeated promises. HM Amit Shah's larger political message is unmistakable. Much like terrorism and Naxalism, the narcotics menace too can be defeated through sustained political will, institutional coordination and uncompromising enforcement. His vision of a drugs-free Bharat by 2047 is ambitious, but so too once seemed the goal of rolling back Naxal violence across vast swathes of India. By linking narcotics trafficking with terrorism, organised crime and black money, HM Amit Shah has elevated the anti-drug campaign from a social issue to a strategic national mission. The message from the Home Ministry is now unequivocal: whether it is conventional narcotics or dangerous substances like the so-called "jihadi drug" Captagon, the Indian state will pursue traffickers relentlessly — across borders, across financial systems and across political patronage networks — until the vision of a drugs-free Bharat becomes reality.



## Are states superseding the Centre in agro-input regulation?



KALYAN GOSWAMI

India's agriculture sector stands at a crucial juncture. As the country seeks to balance food security, transition towards a modern export-oriented agricultural economy, and promote ease of doing business, the role of regulation has become more important than ever. Yet, instead of enabling growth, the regulatory landscape governing agricultural inputs is becoming increasingly fragmented. A growing number of states are issuing their own rules, restrictions and administrative orders in areas already governed by central insecticide law, creating uncertainty for industry and raising a fundamental question: are states, in effect, superseding the Centre in agro-input regulation?

The complexity stems from India's constitutional framework. The Centre has enacted key laws such as the Insecticides Act, 1968, the Fertiliser Control Order, 1985, and the Seeds Act, 1966, with the intent of creating a uniform national regulatory system. However, agriculture being primarily a State subject, the implementation of these laws differs widely across states, leading to a fragmented system where the same central legislation is interpreted and enforced differently across jurisdictions.

States are not necessarily enacting separate legislation but are increasingly using delegated authority, regulatory flexibility and enforcement mechanisms to introduce additional layers of control. These include state-specific licensing conditions, inspection drives, documentation requirements, stock reporting norms and product restrictions. While these measures are often justified in the name of farmer safety and quality assurance, they effectively create a parallel compliance structure for industry.

Sampling of pesticides and fertilisers is essential to prevent the sale of substandard products. However, the process is not always implemented in a uniform or fully scientific manner. In Maharashtra, for instance, the central Insecticides Act, 1968, is being implemented along with state-specific amendments through the Amendment Act, 2023. There are also instances where non-technical personnel, such as campaign staff at the Zila Parishad level, are involved in inspections. This creates confusion among dealers and distributors and adds pressure on legitimate businesses. Industry stakeholders often describe this situation as an "inspector raj", as frequent inspections lead to operational difficulties not only for companies but also for farmers who depend on the timely availability of agri-inputs. At the same time, stricter penalties have been introduced for the sale of substandard pesticide products, including imprisonment and non-bailable offences. While the intent is to curb poor-quality and illegal trade, concerns remain regarding uneven enforcement, with inspections often focusing on established



compliant companies while "fly-by-night" operators escape scrutiny, reducing overall effectiveness.

For India to achieve its goals of agricultural growth, innovation and farmer welfare, greater alignment between the Centre and the states is essential. States remain the first point of contact for farmers and play a crucial role in enforcement, but their actions should reinforce, not override, the central framework. Under Section 27 of the Insecticides Act, 1968, states can impose temporary bans on pesticide molecules for up to 60 days, extendable by another 30 days, with a maximum of 90 days. However, concerns arise when such restrictions are repeatedly extended or reimposed without fresh scientific evidence. For instance, Paraquat was banned in Odisha in 2023 and continues to remain unavailable for sale. Telangana recently imposed a 60-

day ban on the same molecule. Similarly, Punjab imposed a 60-day ban on 11 insecticides, including Acephate, Triazophos and Thiamethoxam. Meanwhile, the Punjab and Haryana High Court stayed a separate state ban on 12 pesticide molecules, citing an insufficient scientific basis.

While working within the framework of the Insecticides Act, 1968, and the Insecticides Rules, 1971, states are increasingly introducing localised regulations and initiatives to oversee biopesticides. At the same time, although the biostimulant guidelines are not being opposed, gaps in implementation and interpretation at the ground level are leading to uncertainty. Divergent approaches across states, along with occasional restrictive actions such as those reported in Rajasthan, are further adding to the complexity of the regulatory environment.

Additional conditions imposed by some states, such as mandatory stock reporting and movement restrictions, are disrupting the timely availability of fertilisers, especially during sowing seasons. By introducing localised rules for micronutrients beyond the Fertiliser Control Order, 1985, states are adding complexity, increasing compliance burdens and creating avoidable bottlenecks in the agricultural supply chain.

Similar challenges are also seen in seed regulation, where additional requirements such as separate sale permissions, mandatory local trials and extra approval processes delay the rollout of new seed varieties. At the enforcement level, actions have also become increasingly stringent; for example, in Pune in 2024, the state agri-

culture department registered 149 court cases against seed companies, suspended 266 dealer licences, cancelled 485 licences, issued stop-sale orders to 1,044 retailers and filed 50 police cases in connection with the alleged supply of bogus seeds, reflecting the extent of regulatory enforcement at the field level. In some states, additional documentation, local office requirements, technical staffing details or affidavits beyond standard central requirements are being asked for. For example, the Haryana Government has even attempted to initiate proceedings against MDs, directors and CEOs of companies, reflecting the intensity of enforcement in certain jurisdictions. The State of Karnataka is emphasising the requirement for an affidavit from the director.

These developments underline a growing structural imbalance in India's agro-input regulatory ecosystem. While states are essential for enforcement and farmer protection, excessive or inconsistent interventions risk creating uncertainty, disrupting supply chains and increasing compliance burdens. A harmonised, science-based regulatory framework anchored in coordination between the Centre and the states is therefore critical. Only through cooperative federalism can India ensure that regulation strengthens farmer welfare while supporting innovation, trade efficiency and timely access to quality agricultural inputs.

The writer is a national spokesperson of the BJP and an acclaimed author

tuhinsinha1  
@tuhins  
tuhin-a-sinha-6388b490

The writer is the Director General of the Agrochem Federation of India (ACFI)

dailypioneer  
@TheDailyPioneer  
The Pioneer

## Bridges over Evian waters

India's bilaterals at the G7 Summit further its interests

As the leaders of the world's richest economies gathered at the French spa town of Evian-les-Bains, diplomats heaved a sigh of relief that the three-day event passed off without major controversy and some gains. Unlike the previous meet in Canada, held against the backdrop of United States-led trade war frictions and rifts over Russia's invasion of Ukraine, the Evian edition saw a remarkable degree of convergence and bonhomie as evident from several hot mic moments. Diplomatic apprehension ahead of the meeting lightened considerably by American President Donald Trump's announcement of an agreement with Iran days before the Evian gathering — an agreement that would unlog the Strait of Hormuz and bring peace to West Asia. The other big gainer at Evian was Ukraine. Although President Volodymyr Zelenskyy did not secure a hoped-for bilateral with Mr Trump, the G7 set aside their differences to get the United States (US) to sign a unified joint statement pledging support for Kyiv in its war against Russia. Given Mr Trump's past equivocations and outspoken partiality for Russian President Vladimir Putin, this agreement represents a major achievement. Misgivings on this hard-won progress would have arisen towards the end of the meet when Mr Trump spoke of restarting the bombardment of Iran if he was dissatisfied with the peace deal, underlining the basic unpredictability of the occupant of the White House.

These geopolitical gains must be weighed against a major limitation: The continuing absence of China, the world's second-largest economy, with its state-led, subsidy-intensive model that continues to distort global growth. Being a meeting of the richest democracies — Russia was a member until Mr Putin's invasion of Crimea in 2014 — no Chinese leader has ever attended a meet either as a member or a standard guest. A working session on "promoting balanced, shared and sustainable economic growth" and a pro forma declaration in the joint statement about the adverse economic impacts of global imbalances on poorer countries offered a feeble acknowledgement of China's dominance and the G7's inability to find a solution. It was developing-country invitees who sought to counter the China narrative most eloquently. These included Prime Minister Narendra Modi, Brazilian President Luiz Inacio Lula Da Silva and Kenyan President William Ruto. Together with leaders of South Korea and Egypt, they were invited to discuss shifting from traditional aid to investment. By all accounts, Mr Modi led the discussions at the working session, endorsing the G7's call for partnerships rather than aid but also underlining support for developing countries to absorb the shock of conflicts.

On balance, Mr Modi's four bilaterals at Evian — with leaders of the United States, the United Kingdom (UK), Canada and Ukraine — and outreach with the Chancellor of Germany, and the United Arab Emirates leadership did much to further India's interests. One achievement was finalising the implementation date (July 15) of the free-trade agreement signed a year ago with the UK, including a critical exemption from import safeguards for 85 per cent of Indian steel exports. Mr Modi's prominent bilateral with Mr Trump took place against a period of tension owing to the US's growing closeness to Pakistan, punitive tariffs, long-drawn discussions over a trade deal, and India's protests over the death of Indian sailors by the US Navy. Given the context, the meeting signalled a thaw that is much-needed for India at a time when the global economy is in turmoil.

## A new Fed

Central bank is aiming to reform its functioning

The first Federal Open Market Committee (FOMC) meeting under Kevin Warsh this week set the stage for significant changes in the functioning of the world's most important central bank, the United States (US) Federal Reserve. Although the FOMC left the target range for the rate for federal funds unchanged at 3.5-3.75 per cent, the statement in just about 130 words was significantly shorter than the usual, and refrained from giving any kind of forward guidance. However, it categorically noted that the inflation rate remained elevated compared to the Fed's 2 per cent target, and that the committee would deliver price stability. Given the circumstances and elevated inflation rate, financial markets expected some hawkish talk, but the statement seemed to have exceeded expectations. Both the stock and bond markets fell after the announcement.

The Fed also released its economic projections, or the so-called dot plot, which includes projections by Federal Reserve Board members and Federal Reserve Bank presidents. It showed that nine of the 18 members expected the policy rate to go up by at least 25 basis points this year. Notably, Mr Warsh did not submit his projections. He has strong views on the practice as it is currently structured. In the post-policy press conference, Mr Warsh also announced the formation of five task forces to study the Fed's communication, the composition of its balance sheet, the data sources it uses, productivity and jobs, and the inflation framework. It is now well known that Mr Warsh is of the opinion that Fed officials should communicate less. The level of communication from the Fed and other central banks increased over time, particularly since the global financial crisis, which has arguably helped reduce information asymmetry between policymakers and other stakeholders, including financial markets. However, in Mr Warsh's view, policymakers can become prisoners of their own words. At a broader level, it is possible that the recommendations of the task forces and the manner in which they are implemented by the Fed could influence other central banks, with wider consequences.

Aside from the shifts, one of the biggest takeaways from the Fed statement and Mr Warsh's first press conference as its chairman was the firm commitment to price stability and the 2 per cent inflation target. Mr Warsh has maintained that inflation is a choice, which he also repeated in the press conference on Wednesday. There were concerns among stakeholders that he might adopt a softer tone on this front in line with American President Donald Trump's views. However, his remarks should allay such fears, at least for now. How Mr Trump reacts to the Fed's positions in the coming months will be worth watching. In terms of outcome, a potential rate increase later this year could tighten global financial conditions. Some economists believe that inflationary pressures in the US are more deeply entrenched than can be explained by the rise in energy prices owing to the war in Iran. The European Central Bank and Bank of Japan have raised rates in recent days. Although global risk aversion might decline in the near term owing to the agreement between the US and Iran, potentially tighter financial conditions could adversely affect economies like India. Recent efforts, such as attracting foreign currency deposits, might help in the near term, but India needs to do more to attract both stable equity and debt flows.

# Agenda for the Karnataka economy

States matter in shaping the India growth story. Now, Karnataka has a chance to reset its policies for faster growth



ILLUSTRATION: BINAY SINHA

A new chief minister has taken charge in Karnataka. How this leadership confronts economic challenges will reverberate on the national stage. Karnataka is a site of important policy innovations that are often adopted elsewhere. It is disproportionately important for India as the prime centre of the information-technology (IT) revolution. Despite holding less than 5 per cent of the country's population, Karnataka generates over 9 per cent of its economic output, largely driven by its massive services and IT sectors.

From a distance, Karnataka is a land of glamorous towers and high technology. All over India, young people dream of the career track of obtaining a college degree and finding a job in Bengaluru. The multicultural life of the young in Bengaluru today represents India's greatest cosmopolitan and sophisticated culture, surpassing that seen in even Mumbai in some respects.

However, when we look a little deeper, there are visible weaknesses. The gap between the rate of growth in Karnataka's gross state domestic product and other big states' is narrowing and on most social indicators it fares badly in comparison to states like Tamil Nadu, Kerala and Maharashtra. What can the new government in Karnataka do to foster economic growth and improve social outcomes?

The phrase "economic growth" is normally applied to the country as a whole. We tend to think that economic growth is the job of the Union government. It is traditionally the business of policy wonks in macroeconomics, finance, companies and globalisation.

But there is an important sense in which we can and should have a growth strategy in every state. The states of India are the size of European countries. Each has its own local context. Each needs to devise its own growth strategy, doing the best it can with whatever powers and resources it possesses. India is too large and hetero-

geneous to rely solely on macroeconomic levers pulled in New Delhi. Growth requires an enabling environment constructed at state and municipal levels.

How would this work? In an ideal world, the state government would do a great job with the wide array of public goods that fall in its domain. It would provide flawless policing, courts, public health, land and property records, and urban infrastructure. But in India, every state government is overwhelmed by challenges. State capability is low and the machinery of government fragile. It is then useful to ask: What public goods should be prioritised because they have the highest impact upon economic growth in the state? We must accept the limitations of state capability and direct scarce administrative bandwidth towards interventions that yield the highest economic returns. This method would induce a growth strategy in each state.

In Karnataka's unique context, the dominant idea of high growth is hosting the operations of sophisticated modern corporations and attracting clever migrants, Indian and foreign. This immediately suggests numerous areas for work where the state can do better. The state apparatus must pivot from legacy political preoccupations to the explicit goal of facilitating this economic engine. The state must remove frictions that hinder corporations and migrants from arriving.

### What does this entail?

The new chief minister needs to nurture the urban agenda. This ranges from rebuilding Bengaluru to transforming 25 other cities into beautiful, world-class urban centres. Bengaluru suffers from acute infrastructure deficits. Commute time, water shortages, and poor sanitation impose direct costs on corporations. Fixing this requires capable municipal corporations, decen-



AARTHIKAM CHINTANAM  
KP KRISHNAN

## A short history of PPP

Public-private partnership (PPP) is now the accepted shorthand for denoting private investments in India's infrastructure development.

India's British-era infrastructure construction saw quite a few projects as private enterprises. Sterling bonds with guaranteed returns financed and operated railways, tramways, and electricity distribution. Tata Power was established in 1911. Other private power plants existed too. After independence, the story unfolded across eight stages of private capital waning and waxing through India's infrastructure journey.

The state as sole builder (1947-1992): Established in 1950, the Planning Commission controlled most national investment decisions. Large infrastructure investments did happen, but with public funding. Such projects included giant hydroelectric projects and the expansion of the railway network — but private capital was not involved. With an uptick in gross domestic product (GDP) growth after the 1991 liberalisation moves, policymakers started seriously considering the engagement of private capital as the "infrastructure deficit" rang alarm bells.

Green shoots of PPP (1992-1997): Involving the private sector started getting traction in policy circles. PPP experiments mattered more for symbolism than scale. Of the eight private "fast-track" power projects, only two were built. GVK's 216-megawatt (Mw) Jegurupadu plant became an early proof-of-concept under a power purchase agreement. IL&FS built a 12-km toll road between Rau and Pithampur in Madhya Pradesh, marking India's first private toll concession. In 1996, Rakesh Mohan's expert group concluded that public budgets alone could not fund India's infrastructure.

Unleashing PPPs (1997-2007): PPP took a decisive turn in 1997 when IDFC was established as the country's first dedicated infrastructure financier to "lead private capital to infrastructure". The same year, the Telecom Regulatory Authority of India was established as the

first independent infrastructure regulator. The Tariff Authority for Major Ports was constituted to oversee major port tariffs and the private sector's involvement, and Nhava Sheva's Jawaharlal Nehru Port Trust signed India's first major private port concession. The Electricity Act 2003 delicensed generation and distribution, opening the power sector to competition. The National Highways Authority of India (NHAI) became the nodal agency for attracting private capital into road projects.

Peaking of PPPs (2007-2012): Manmohan Singh, as Prime Minister, urged infra developers to "unleash animal spirits". The 11th Five-Year Plan targeted a rise in infrastructure investment from 5 per cent to 9 per cent of GDP. Private capital's share climbed from 22 per cent to 37 per cent of overall infra investments. NHAI's PPP programme marked a golden period of private-sector involvement in the roads sector. GMR transformed Delhi Airport, while GVK redeveloped Mumbai's — both under long-term PPP concessions. Ports like Mundra demonstrated private sector's ability to bring in transformational changes. Infrastructure investments crossed 7 per cent of GDP as banks lent aggressively. Briefly, India became one of the world's largest PPP markets before the "boom-to-bust" happened.

The dark side of PPPs (2012-2014): It is now recognised in hindsight that the PPP rush lacked institutional moorings. Over 40,000 Mw of private thermal capacity was stranded, and many highway PPPs collapsed. A clutch of infra firms turned belly-up. Non-performing assets (NPAs) of public-sector banks surged from 2.5 per cent in 2010 to 14.6 per cent by 2016, against 4.7 per cent for private banks. Infrastructure accounted for 50 per cent of corporate insolvency defaults, with NPAs touching ₹18 trillion. The PPP implementation cart had clearly been placed before the institutional readiness horse.

Back to EPC (2014-2023): The National Democratic Alliance government hurriedly returned to an engin-

ered power, and substantial capital expenditure. Karnataka needs to reform labour laws. The paternalistic instinct of the state to micromanage the relationship between employer and employee hampers growth. Treating workers as responsible adults allows market forces to determine employment contracts. This flexibility ensures that more firms will be willing to operate and expand headcount.

The modern world involves round-the-clock work. The criminal-justice system and the courts need to function better to deliver safety. A night shift cannot function if streets are unsafe, and sophisticated firms cannot operate where contracts cannot be enforced.

The land market needs to work correctly. Currently, land assembly is fraught with friction, opaque records, and litigation. The state must deliver land resources with clear titles in large quantities to incoming firms and migrants. Reforming the land market reduces transaction costs, enabling faster capital formation. Alongside this urban and industrial focus, there is a strong range of possibilities in ecotourism, which can induce high incomes locally without a heavy industrial footprint.

State-level policymakers should not do industrial policy. The temptation to offer tax holidays, capital subsidies, and bespoke concessions to specific companies or specific industries is high. But industrial policy distorts resource allocation and breeds cronyism.

Economic-growth strategy is about public goods where the state does not pick winners. Better cities, safety, and land markets benefit everyone. The ultimate benefits will be large, and they will inevitably prove to be different from those envisaged today. When the state provides a foundation for public goods, the market will discover the right industries.

For example, friendly and friction-free foreigner registration and related processes in the police stations of Bengaluru, and a sensible and civilised policy on alcoholic beverages are factors in enhancing freedom and opportunity. This will improve the environment for a wide variety of industries — from electric vehicles to garment manufacturing — and the consumers and the market will choose the winner.

This agenda also requires strategic thinking in public finance. Spending on urban development in Karnataka is way below the median of big states. Related to it, Karnataka is weak on recovering user charges for most services, starting with electricity. As a result, the share of non-tax revenue in total revenue in the state, too, is way below the median of big states. Both expenditure and revenue reforms are needed. Money must be reoriented away from malfunctioning subsidy programmes to effectively produced public goods.

The new administration in Karnataka has a narrow window to establish credibility. Merely intensifying or trivially tweaking conventional policies will not deliver useful change. By embracing an economic strategy anchored in public goods, it can achieve a level shift in the growth rate.

The author is an honorary senior fellow at the Isaac Centre for Public Policy and a former civil servant

## A vision of humane, expansive justice



ANJALI CHAUHAN

Senior Advocate Indira Jaising's *The Constitution Is My Home: Conversations on a Life in Law* unfolds as an extended conversation with feminist publisher and writer Ritu Menon. Moving effortlessly across decades of legal practice, political upheaval, and social transformations, the memoir resists the neat chronology of conventional life writing. Instead, memories surface through cases, personal encounters, movements, and moments of reckoning that shaped both Ms Jaising's career and the trajectory of rights-based struggles in contemporary India. The conversational format

lends the narrative an unusual intimacy. Ms Menon emerges as an attentive interlocutor, returning to unfinished threads, probing nuances, and inviting reflection where necessary. Their exchange creates the feeling of being present at a sustained conversation between two feminist intellectuals whose lives have been shaped by a shared commitment to justice, dissent, and democratic freedoms.

The result is a memoir that offers far more than an account of an individual life. Running through its pages is a rich history of feminist legal activism in India, narrated from the vantage point of one of its most influential participants. Landmark cases involving women's rights, civil liberties, labour, displacement, and religious freedom appear not as isolated legal victories or defeats but as sites of political contestation forged through the collective efforts of litigants, activists, movements, and lawyers. Ms Jaising restores to these cases the uncertainty, conflict, and persistence that often disappear in judicial archives. In

doing so, she shows how feminist and human rights concerns entered constitutional discourse and how the judicial institutions emerged as crucial sites in the struggle to expand the meaning of citizenship, equality, and justice.

The memoir's most compelling thread lies in the question posed by its title. What does it mean to call the Constitution one's home? For Ms Jaising, the answer emerges from a life shaped by migration. Born into a Sindhi family uprooted by Partition, she grew up carrying a question that would accompany her for decades: Where does one belong when no Indian state bears the name of one's place of origin? Unlike many communities whose identities remain tethered to a territorial homeland, Sindhi refugees were compelled to rebuild their lives across a newly independent nation. Ms Jaising's response to this history is both political and personal. She locates belonging not in territory, religion, or ancestry, but in the values enshrined in the Constitution.

The title thus becomes more than a declaration of professional faith in the law; it becomes an articulation of identity. In a period marked by heated debates over citizenship, migration, dissent, and the boundaries of national belonging, Ms Jaising's insistence that the Constitution can serve as a home for all acquires particular resonance. The memoir returns repeatedly to the unfinished project of realising the promises of equality, liberty, and secularism upon which the republic was founded. By the final pages, when Ms Jaising declares that "home is resistance", the phrase reads not as a rhetorical statement but as the culmination of a lifetime spent defending the constitutional vision that made belonging possible in the first place.

Running through the memoir is a sustained inquiry into the meaning of justice in a multilingual, multifaith, and deeply unequal society. For Ms Jaising, justice is never confined to the courtroom or ends at a favourable verdict. It is measured in the capacity of law to trans-

form the conditions that produce exclusion, vulnerability, and suffering in the first place. The purpose of law, as it emerges from these pages, is to enable lives to flourish. This understanding of justice takes shape through the people who inhabit the memoir: Pavement dwellers facing eviction, street hawkers struggling to secure their livelihoods, women workers confronting exploitation, survivors of the Bhopal gas disaster seeking accountability, women denied inheritance, entry into places of worship, or dignity in the workplace. Many of these cases are familiar to readers of contemporary Indian legal history. What the memoir offers is something far rarer—the texture of how these struggles unfolded, the alliances that sustained them, the setbacks that threatened them, and the human lives that gave them urgency.

Across these encounters, Ms Jaising advances a vision of justice that is humane, expansive, and attentive to



**The Constitution Is My Home: Conversations on a Life in Law**  
by Indira Jaising (with Ritu Menon)  
Published by HarperCollins India  
236 pages ₹699

lived realities. Justice, she suggests, must promise more than punishment or symbolic recognition. It requires institutions capable of acknowledging harm, preventing its recurrence, and addressing the structural conditions that make certain groups disproportionately vulnerable to it. Rights cannot be separated from questions of class, gender, caste, religion, or displacement as each shape who can access justice and on what terms. She reminds readers that the law's legitimacy rests on its ability to respond to the aspirations and experiences of ordinary people. In

the end, *The Constitution Is My Home*, offers a compelling and powerful reflection on what it means to pursue justice in a democracy still struggling to fulfil its constitutional promises.

The reviewer is a researcher and writer, currently pursuing a PhD in political science from the University of Delhi

## The Tribune

ESTABLISHED IN 1881

### Telegram ban

Centre must guard against overreach

**T**HE Centre's short-term ban on Telegram, a popular messaging app, betrays an overcautious approach in the run-up to Sunday's NEET re-exam. The controversy comes at a time when the government is struggling to protect the integrity of national exams. The Centre has defended its action by arguing that the cloud-based platform's bot infrastructure enables mass dissemination of leaked material. Considering the chaos and embarrassment caused by the question paper leak in May, the government does not want to take any chances. With the fate of more than 20 lakh aspirants at stake, rebuilding public trust in NEET and the National Testing Agency (NTA) is undeniably a matter of national importance.

However, the temporary blocking of an entire platform used by crores of Indians raises serious concerns about proportionality and due process. Making legitimate users suffer because criminal networks misuse an app can set a disturbing precedent. If Telegram can be suspended before a major exam, similar actions could potentially be justified in other situations where the government perceives a threat to public order. The Delhi High Court has rightly asked the obvious question: how can the rights of 150 million users be curtailed?

The Centre's stand also reveals a systemic failure. Paper leaks occur when unscrupulous insiders join hands with cheating rackets. Even cybersecurity experts have pointed out that blocking Telegram does not eliminate the problem, since users can easily migrate to VPNs (virtual private networks) or alternative applications. Technology may facilitate malpractice, but it is rarely the root cause. Moreover, deploying the Indian Air Force to ensure safe delivery of question papers across the country is an attention-grabbing drastic step rather a durable solution. Eventually, the onus is on the government to reform the entire exam system in the best interests of students. At the same time, emergency powers must be exercised transparently and sparingly — with adequate safeguards against overreach.

### Diesel distress

Hill states require tailored solutions

**T**HE Centre's decision to regulate diesel sales amid concerns over supply disruptions may have been driven by prudence, but its unintended consequences in Himachal Pradesh highlight the pitfalls of one-size-fits-all policy-making. Farmers, orchardists and small traders in the hill state are finding themselves caught in a web of restrictions that fail to account for local realities. Unlike in urban areas or the plains, agricultural activity in Himachal is spread across difficult terrain. Orchards and farms are often located far from roads and fuel stations, making it impractical to bring machinery directly to petrol pumps. Diesel is routinely carried in containers to power spray pumps, tillers, generators and other equipment essential for farm operations. Restricting such access may curb hoarding, but it also hampers legitimate economic activity.

The timing could hardly be worse. Apple growers are in the midst of crucial crop-management operations. Any delay in spraying or field work can affect yields and incomes. Small businesses, too, depend on diesel-powered machinery and backup generators to keep operations running. A policy intended to ensure fuel security should not end up undermining livelihoods. Governments must prepare for supply uncertainties, especially during periods of global instability. However, effective policy requires flexibility. Measures designed for metropolitan centres cannot be mechanically imposed on rural and mountainous regions.

What is required is a system of targeted exemptions for genuine users. Farmers, orchardists, essential service providers and small enterprises should be able to procure diesel through a simple verification process. Such an approach would preserve safeguards against hoarding while ensuring that productive sectors are not penalised. Public policy works best when it combines caution with common sense. Regulations succeed only when they are grounded in the realities of those they affect.

#### ON THIS DAY...100 YEARS AGO

## The Tribune.

LAHORE, SATURDAY, JUNE 19, 1926

### The Rawalpindi riots

THE latest telegrams from Rawalpindi, including a detailed report of the incident from the Special Correspondent of the *Associated Press*, show that the trouble was not as unexpected as we were originally led to believe. This is what the correspondent says: "Strained feelings existed in Rawalpindi for a long time over the building of a cinema at the back of the Jama Masjid by certain Sikhs on a plot of land owned by Sardar Mohan Singh, President of the Rawalpindi Municipal Committee. The local Mahomedans objected to the building of this cinema in that quarter and several protested against the erection of this building. Some inflammatory speeches, it is alleged, were also made by some outside Maulvis in the Jama Masjid and other mosques and in public meetings where they asked the Mussalmans not to allow the cinema to be built at the back of the mosque. Attempts were then made by responsible leaders to settle the matter and for the time being the agitation ceased. But some time later, the agitation again commenced on the subject and speeches by outside Maulvis were again delivered at several places which, according to Hindu leaders, excited the feelings of ignorant and illiterate Mussalmans at Rawalpindi, and the fear of a riot was expressed by the local people on the occasion of Gurpurb. If the facts are as stated, it is perfectly obvious that, as in several other cases so in this one, these were all the usual signs of an impending communal trouble, and the local authorities had ample reason to be on the alert and take necessary precautionary measures to avert the catastrophe."



**GURBACHAN JAGAT**  
EX-GOVERNOR, MANIPUR, AND  
FORMER DGP, J&K

**T**HE English Longbow emerged as a fearsome weapon in the 13th century. It is considered synonymous with England's military dominance between the 13th and 15th centuries. It also marked a turning point in medieval warfare — England's military might shifted from the armour-clad nobility to yeoman archers, so much so that Edward III pronounced a royal decree that "...every able-bodied man on Sundays and holidays shall practice archery, and all other sports are forbidden."

The Battle of Agincourt (1415) perhaps best encapsulates this power shift as a small English force of about 7,000 men, of whom 5,000 were archers, defeated a much larger French army of armoured knights (comprising nearly 20,000 men).

The longbow turned commoners into crucial components of military power and fuelled an entire economy of trade and craftsmanship. Shakespeare immortalised this transformation in King Henry V's speech before the Battle of Agincourt:

*"We few, we happy few, we band of brothers;*

*For he to-day that sheds his blood with me*

*Shall be my brother; be he ne'er so vile,*

*This day shall gentle his condition."*

Today, the drone has become a fearsome weapon. It is redefining modern warfare in which much smaller nations are taking on the military might of superpowers and humbling them in the process. We have seen this in the Russia-Ukraine war and the US-Israel-India conflict.

David has successfully taken on Goliath because David has a new slingshot, and it is called a drone. Cheap mass-produced drones have managed to engage

# David's new slingshot

The drone is redefining warfare as much smaller nations are taking on the might of superpowers



**LETHAL WEAPON:** Drones have played a key role in the Russia-Ukraine and US-Israel-India wars. ISTOCK

and bring massive armies and armadas to a halt.

Let us take the example of the Russian Bear. Russia had long been planning the invasion and annexation of Ukraine. It was given an excuse to do so by the ever-expanding NATO, which threatened to make Ukraine a member state and thereby reach Russia's borders. The Russians launched what they called a "special military operation", which in reality was a full-scale invasion by the infantry, artillery, air force and the navy.

Russian President Vladimir Putin declared that the operation would take a few days to complete. One saw on TV endless armoured columns moving into Ukraine. However, Russia made the cardinal mistake of underestimating the enemy. Ukraine was supported by the US and NATO, mainly in the supply of arms, ammunition and intelligence.

Gradually, the Russians got bogged down and started suffering heavy losses. Ukraine overcame its initial disadvantage and gradually brought the massive Russian army to a halt. A recent article in *The Hindu* states, "Ukraine rapidly adapted commercially available drones — originally designed for civilian purposes... into improvised reconnaissance and strike systems. These systems quickly evolved into a decisive combat capability, as small quadcopters and FPV (first-person view) drones were progressively weaponised and deployed as low-cost precision-guided munitions."

### In the light of the Russian and US experience, India needs to rethink its short-term & long-term military strategies.

Drones became active instruments of destruction, and by 2024, they had been fully integrated into almost every area of Ukrainian combat formations. From there on, the development of drones has moved significantly and rapidly. To cut a long story short, drones have changed the course of the war; from a retreating defensive posture, Ukraine is striking deep into Russia, its oil depots, airbases, ships and cities like Moscow and Saint Petersburg. Russia's "three-day" operation has turned into a war of attrition that is now in its fifth year.

The US-Israeli war with Iran is also worth mentioning in this context. The Americans moved a massive armada into the Gulf, amassed troops and deployed their formidable air force in the region, demanding Iran's unconditional surrender. Subsequently, along with Israel, they took to the skies and decapitated the Iranian spiritual, military and intelligence leadership and threatened to erase Iran from

the world map. The US did not take into account the civilisational spirit and history of the Iranians and their great progress in the development of hundreds of thousands of drones and missiles, their secondary and tertiary levels of leadership, their strategic and tactical ingenuity — hubris and its follies once again checkmated a superpower.

The Iranians attacked American bases and the infrastructure of US allies in the Gulf countries with drones and missiles. Israel was also hit with similar munitions. The closure of the Strait of Hormuz was a strategic masterstroke implemented by the threat of drone and missile attacks on commercial shipping; it managed to bring the entire global economy to its knees. Once again, the humble mass-produced drone in the hands of a committed army was successful in punching well above its weight and bringing a superpower and its entire military machine to a grinding halt.

As asymmetrical warfare shaped by drones transforms the battlefield, history teaches us that such disruptions invariably lead to political, social and economic changes. The English Longbow was a case in point. Similar examples can be found in history — the Mongol bows, gunpowder, the Lee-Enfield rifle etc. New empires and alliances are formed as power shifts and the old order is disrupted. How long this process

takes is anybody's guess, but 'change' is inevitable.

This brings me to the question of how all this will affect India. I have mentioned in my earlier articles about the China-Pakistan-Bangladesh confluence. As Pakistan's influence on the US and China grows, so will its ambitions (which it has spelled out many times in respect of J&K). China only stands to gain from the misjudgments of the US and Russia and it remains aggressive in its stance on the North-East and Ladakh as well as in its trade with India.

In the 21st century — the emerging era of AI, robots, drones and energy transition — new alliances will be formed both militarily and economically. The US has already torn up the old global order of free trade and is steering this transition. Needless to say, it was China and its industrial and trade might which forced this shift.

In the 18th and 19th centuries, the "powers" raced to colonise the world and garner resources. Today, once again, the wheels of power are turning as the great powers vie for control and dominance. India must find its direction quickly in this tumultuous period. Our economy is getting caught in the middle-income trap with largely jobless growth. Most of our graduates are paid salaries below taxable income slabs and have to fight high inflation. Joblessness accompanied by inflation is a toxic formula which can be used by elements inimical to India's interests to cause all kinds of strife. FPV drones have shown the kind of damage that can be done by a single operator.

J&K, Punjab, Rajasthan, Gujarat and the North-East are facing a continuous influx of drones being used for smuggling arms, ammunition and drugs. Fault lines in the North-East, J&K etc. should be brought under control with a spirit of inclusion and growth... we cannot afford to do otherwise. United, the nation needs to strengthen its alliances through strategic partnerships and diplomacy.

In the light of the Russian and US experience, India needs to rethink its short-term and long-term military strategies and also induct new weapon systems as well as countermeasures.

#### THOUGHT FOR THE DAY

Drones are sort of the perfect weapon for a country that doesn't want to go to war. — Mark Shields

## A simple act, a lasting impact

GURVINDER PAL SINGH

**L**IFE often teaches its most valuable lessons through people whose simple actions leave an enduring impression on our hearts and minds. Some encounters remain with us for years, quietly influencing our thoughts and actions.

Many years ago, I had to catch a train from the Patiala railway station, but time was running out. As I stepped out of my house in search of an autorickshaw or any available transport, luck was not on my side. Every passing minute increased my anxiety, and the fear of missing the train grew stronger.

Just then, I spotted a middle-aged man riding a scooter. I raised my hand and requested a lift. Without hesitation, he stopped and offered me a ride to the station.

As we travelled, we noticed an elderly man sitting by the roadside. His clothes were torn. To my surprise, the scooterist immediately stopped. He opened the vehicle's front basket, took out a neatly folded pair of pants and a shirt, and handed them to the old man. The latter accepted them gratefully. Without waiting for any acknowledgment, the rider quietly resumed the journey.

On reaching the station, I thanked him and asked about his thoughtful gesture. With a gentle smile, he replied, "I always keep a spare set of clothes in my scooter. Whenever I come across someone in need, I offer them without hesitation."

Here was a man who had made compassion a habit. He did not wait for special occasions or recognition; he simply helped whenever an opportunity arose.

Years later, while working on deputation in Ludhiana, I frequently visited a factory for inspections. There, I often met a cheerful and well-dressed man. One day, while sharing a cup of tea, I complimented him on his smart appearance.

Smiling warmly, he shared a lesson taught by his mother after the early demise of his father. "She always told us," he said, "that when our clothes are only a few washes away from being discarded, we should give them to someone needy. What seems old to us can still serve another person for many more months."

His mother's wisdom reminded me of the scooter rider's gesture. Both incidents conveyed the same message: kindness does not require wealth; it only requires a caring heart. A small act of kindness can restore dignity to someone in need and bring immense satisfaction to the giver.

Indeed, true happiness lies not in possessing more, but in sharing what we have with others.

*The writer is a retired railway engineer based in Mohali*

epaper.tribuneindia.com

#### LETTERS TO THE EDITOR

##### Discourage defections

Apropos of 'Defection spree', voters elect a candidate who can represent them and take up their causes, not indulge in post-poll bargaining. When elected representatives switch sides for power or pelf, it betrays public trust and mocks the electoral mandate. The outmoded anti-defection law clearly needs a review; mere disqualification is no deterrent when defectors are rewarded with ministerial berths and re-nominated for by-polls. To restore credibility, defectors need to be debarred. The power to decide on disqualification must be given to an independent tribunal with a time-bound mandate.

RAMESH K DHIMAN, CHANDIGARH

##### Need for amendment

Refer to 'Defection spree'; normalisation of opportunism has become a major flashpoint in Indian politics. A root cause is the lack of intra-party democracy. Promoting transparent decision-making can prevent politicians from feeling alienated from their parent parties. Furthermore, as legislators often have vested interests tied to their parties, the power to disqualify MLAs and MPs should be transferred to the Election Commission. The anti-defection law should be amended, making it mandatory for legislators who jump ship to resign and face the voters in a byelection.

KR BHARTI, SHIMLA

##### Revise regulations

Refer to 'Syrup prescription'; regulations need to be revised as manufacturing units are usually understaffed and ill-equipped. The in-house testing labs have proven to be inadequate, while the results of the outsourced testing are often compromised to suit needs. The staff in Central Drugs Standard Control Organisation labs should be able to test not only the finished product but also the raw material and excipients. Violations of norms should lead to long-term consequences instead of perfunctory licence cancellation that is revoked within months.

YASH KHETARPAL, PANCHKULA

##### Prevention over management

With reference to 'Syrup prescription'; the prescription criterion for buying cough syrups is flawed and insufficient. Drug regulation in India suffers from a lack of Centre-state coordination along with delays in sharing the investigation results and crisis management approach towards these incidents. These shortcomings highlight the loopholes in quality control and inspections in pharmaceutical production. The disparity between the capacity of the monitoring authorities and a rapidly expanding pharma sector needs to be addressed. Medicines containing opioids like codeine should not be allowed to be sold over the counter.

SK PANESAR, BY MAIL

##### Power of legal awareness

Refer to 'A meal, a video and the weight of centuries'; the article offers an answer to the question, 'What can anyone do against the might of an age-old system?' The two young men have shown that when armed with knowledge and determination, the whole system can be brought to its knees. This emphasises the importance of awareness and initiative in societal matters. However, the present education system has proven to be inadequate, prompting NGOs and volunteers to undertake the task of spreading awareness about legal rights among the masses.

RAVINDER MITTAL, LUDHIANA

##### Overburdening IAF

For the NEET re-exam, the Indian Air Force (IAF) has carried out over 200 sorties — all to prevent the question paper from being leaked. This could set a bad precedent. Apart from NEET, several national entrance tests are conducted every year. Will the aerial routine be repeated for these tests? The IAF is being burdened with a duty that should be performed by the civilian authorities.

WG CDR CL SEHGAL (RETD), JALANDHAR

Letters to the Editor, typed in double space, should not exceed the 200-word limit. These should be cogently written and can be sent by e-mail to: [Letters@tribunemail.com](mailto:Letters@tribunemail.com)

# Trump compromises with Iran



**GADDAM DHARMENDRA**  
EX-AMBASSADOR TO IRAN

CONSIDER the following: After weeks of struggling to escape a quagmire of his own making, US President Trump settled for a vaguely worded interim deal driven by necessity and hammered out by desperation. That is how Trump finally extricated himself from a predicament of his own doing. He was tempted into a war by Israel's Prime Minister Benjamin Netanyahu. All they have to show is the disruption of the Persian Gulf's regional order and the havoc wreaked on the global economy. For Trump, reversing the reputational damage to the US and the erosion he has caused to its global standing and military dominance will be a steep climb. The record shows he couldn't be bothered.

On the other side, Iran's leadership faced down two far superior military powers, emerging more deeply entrenched and clinching a sweet deal. In the process, it has laid down hard markers against future US-Israeli adventurism. Iran's neighbours, from West Asia to the Levant, have been put on notice. The current crop has

brutally reframed Iran's deterrence calculus and demolished Israel's mowing-the-lawn strategy.

On June 17, Trump and Iranian President Masoud Pezeshkian electronically signed an MoU. Both sides quickly called off a formal signing ceremony scheduled in Switzerland by US Vice-President JD Vance and Speaker of the Majlis, Mohammad Bagher Ghalibaf.

The MoU's significance cannot be underestimated. It is the first-ever bilateral document between the two adversaries since they cut off diplomatic relations following the Islamic Revolution in 1979 and the US Embassy hostage crisis. Its conclusion follows weeks of negotiations. Trump's unpredictability was matched only by a new interlocutor on the scene, Qatar, displacing an effete Pakistan overwhelmed by its own self-importance.

Qatar's persistence, and its clever leveraging of its equities in Iran and the US, is credited for the heavy-lifting needed to get the MoU over the finish line. This is also apparently the same draft the Qataris had conveyed to the Americans over a fortnight ago, but Trump unsuccessfully pressed for more Iranian concessions.

Remarkably, this period also coincided with the outbreak of renewed hostilities: the downing of a US Apache helicopter and Iran's counter-strikes on US regional bases and Israel. Iran's messaging was designed to convince Trump that Iran controls the escalation



**DEAL:** US President Donald Trump and Iran's President Pezeshkian digitally and remotely sign an MoU on Wednesday. PTI & ANI



ladder and that he can't bomb his way out of his own mess. As finalised, the MoU lays down a "framework" towards a legally binding agreement, to be negotiated over a 60-day period, extendable by mutual consent. This renders the negotiations open-ended. As always, the devil is in the detail. The 14-para MoU can be broadly broken into three main strands.

First, the strategic. Iran has successfully gotten the US to agree to an "immediate and permanent end to the war on all fronts, including Lebanon." By enshrining its doctrine of unified fronts, Iran has protected its regional proxies, especially the Lebanese Hezbollah. But the US undertaking upends longstanding US-Israeli-GCC demands that Iran stop supporting its Axis of Resistance. Non-interference in internal affairs and a permanent cessation of hostilities are

Iran's other significant gains.

On the critical nuclear issue, Iran "reaffirms that it shall not procure or produce nuclear weapons." This is not new. But both sides "agreed to resolve the disposition of stockpiled, enriched material pursuant to a mechanism that will be mutually agreed upon." The vague language should please the Iranians as this punts a core US-Israeli concern well beyond the 60-day window, perhaps indefi-

No agreement is watertight. The optimistic view is that the Iran-US MoU is poised to form the basis of a new chapter.

nately. Burnt by repeated US betrayals, Iran's messaging is compliance for compliance.

Second, on economic and financial issues. Iran pockets multiple concessions, including an unprecedented US undertaking "to make fully available for use (Iran's) frozen or restricted funds and assets" and a sanctions waiver for Iranian sale of oil, gas and petrochemicals. The US has also agreed to help lift all UN, IAEA and other sanctions. There is also a vaguely worded provision on a "plan" for a \$300 billion reconstruction and development fund. Unconfirmed reports say the US had consented to the secret release by Qatar and the UAE of nearly \$6 billion in frozen Iranian funds.

Finally, of vital importance for net energy importers such as India, the blockade on the Hormuz Strait will be lifted "with no charge for a period of 60 days." Thereafter, Iran and Oman can "define the future administration and maritime services" in consultation with other Persian Gulf countries. Basically, the US has absolved itself of any further responsibilities for the Hormuz whereas Iran is unlikely to ever give up this leverage, especially given that it has established a "Persian Gulf Strait Authority". Latest reports are of the resumption of tanker-traffic, especially through the Iranian side.

As is to be expected, the MoU has spawned numerous critics and hardly any supporters. In Iran, the ultraconservative "Paydari (steadfastness) Front", which has a significant

presence in the Majlis, opposed the deal. But once Supreme Leader Ayatollah Mojtaba Khamenei gave his blessing, all factions quietened down. The primary driver is Iran's desperate economic situation, with its potential to engender post-war anti-establishment demonstrations, as was witnessed this past January.

More importantly, Israeli PM Netanyahu, whom Trump had cold-shouldered, posted a diatribe, making it clear that the MoU is not binding on Israel, which will be guided by its security considerations. Netanyahu faces an election this October and his main opponent Naftali Bennet has vowed to "reset the game". Backed by the powerful pro-Israeli lobby in the US, Israel can jeopardise the MoU and cripple Trump for the remainder of his presidency. Senator Lindsey Graham, leading the neocon-pro Israel pack, who he desperately needs for his reelection, has made it clear that "any deal with Iran must come to Congress for scrutiny and approval." Vance helmed the Administration's defence, declaring: "What we know is this agreement is going to make Israel safer, it's going to make the entire region safer."

On the other hand, reactions across the region have been mainly positive. This is no surprise given the war's enormous collateral damage to the Gulf countries and their economies. New power centres are also coalescing in the region, with a Saudi-Turkey-Egypt-Pakistan (STEP) axis

seeking to counterbalance Iran and Israel. The Abraham Accords are destined for a quiet burial, as is the Board of Peace. A chastened UAE is reorienting its strategy and has opened communications with Iran, while Iraq, Kuwait and Qatar, "punished by geography", will seek to resume their energy exports. Araghchi has briefed his Russian and Chinese counterparts, obtaining their support. An EU statement welcoming the deal was criticised by Ghalibaf, speaker of the Majlis.

No agreement is watertight. The optimistic view is that the Iran-US MoU is poised to form the basis of a new chapter. Given, however, the decades-long mistrust and Trump's mood swings, the 60-day period, to be extended by mutual consent, offers both sides sufficient leeway. Iran has pocketed much-needed economic concessions upfront in return for undertakings which it has safeguarded with sufficiently vague caveats.

On the other hand, Trump's calculation is to secure a lifeline for the Republicans ahead of this November's elections. An interim deal will hopefully limit the war's economic damage and ease US inflation, thereby limiting a widely expected rout for the Republicans. A Republican loss of the House will surely embroil Trump and his family in multiple legal challenges and will, in all probability, open him to impeachment proceedings. The Iranians would have factored this in, knowing that time is on their side.

## Songs, silence and the spectacle of power



**SHELLEY WALIA**  
FORMER PROFESSOR, PANJAB UNIVERSITY, CHANDIGARH

*In the dark times  
Will there also be singing?  
Yes, there will also be singing  
About the dark times.*  
— Bertolt Brecht, motto to Svendborg Poems, 1939

THE juxtaposition of three events — the silence of Zubin Mehta, the brutal entertainment in the lawns of the White House and the concert in the Town Hall spearheaded by Jane Fonda — raises larger questions. In an age scarred by war, suffering and uncertainty, what should public figures choose to celebrate? The projection of power, or the reaffirmation of our common humanity? The answer may well determine the kind of world we leave to future generations.

In January this year, Zubin Mehta, the 90-year-old Parsi Indian who has been the presiding spirit of the Israel Philharmonic Orchestra for more than half a century, did something that sent shockwaves through the classical music

world. He announced the cancellation of all his 2026 engagements in Israel. An artiste who gave music its most powerful voice has refused to perform before a specific audience, at a specific time. He doesn't need to explain why. The message is unambiguously one of objection to Netanyahu's way of treating the Palestinian issue. An artiste, Mehta said, must take a stand.

The gesture carried a weight that no press note or political petition could have matched. This was the same man who had conducted the Israel Philharmonic beneath Iranian missiles in 1991 and led the orchestra in a makeshift performance in a Lebanese tobacco field during the 1982 war. Appointed music director for life in 1981, he remained, for five decades, the most intimate musical companion the orchestra had ever known. His silence, precisely because of what his presence had always meant, was louder than any symphony.

His decision to remain absent revealed a moment of moral clarity, a recognition by one of the great musicians that there are times when the baton must be put down, when the stage must be vacated and the performance refused.

Now, on the other side of the world, on another artiste's terms, the same essential statement is being made. Not through silence,



**CONTRAST:** The day Trump was celebrating his 80th birthday, Jane Fonda had a different idea. REUTERS

but through song. Interestingly, across town, in New York City, on the same day Trump was celebrating his 80th birthday, Jane Fonda had a different idea. At the Town Hall, a landmark founded by suffragists in 1921, the 88-year-old actress and lifelong activist hosted 'Rise Up, Sing Out: A Concert for the First Amendment'. Bringing together writers, artists, performers and public intellectuals, it represented a different vision of public life, rooted not in displays of power but in dialogue, culture and collective conscience. If one event celebrated authority, the other appeared to celebrate humanity.

The motive behind holding this event was to oppose Donald Trump's celebrations of his birthday coinciding with the 250th anniversary cele-

Zubin Mehta's silence, precisely because of what his presence had always meant, was louder than any symphony.

brations of the US on the White House lawn with 'UFC Freedom 250', a cage-fighting extravaganza costing \$60 million, staged on the newly built arena on the South Lawn. The spectacle, with its martial overtones and choreographed displays of strength, seemed incongruous with the dark times in which we live.

Across the world, wars continue to claim innocent lives. Children become collateral damage, mothers mourn their dead and populations face displacement, hunger and fear. Against such a backdrop, extravagant celebrations of power appear jarring. It is his chosen image of American greatness that is clearly symbolic of the muscular, brutal, and triumphalist idea projected in the era of Trumpism.

The organisation behind Jane Fonda's concert gives it a resonance that transcends the political moment. The Committee for the First Amendment was created during the McCarthy era, when the federal government targeted and blacklisted actors, writers and directors. Its founding members included Humphrey Bogart, John Huston, Lucille Ball and Henry Fonda, Jane's father. She relaunched the committee in 2025 with over 550 members, including Spike Lee, Barbara Streisand, Whoopi Goldberg and Natalie Portman. What was being underscored was the compara-

ble phenomena of McCarthyism and Trumpism and their weaponisation of state power against dissent and its slow crushing of institutions built across generations.

"This is our documentary moment," Fonda told Reuters. "History is going to write about this, and I don't want to be on the side of people who said, 'Oh my God, things are so bad, what am I going to do?' No, I want to be out in the front."

It is indeed a documentary moment, a moment recording in real time the contest between the image of power and the image of resistance. One event celebrates dominance. The other celebrates the First Amendment that promises commitment to speech, assembly, religion and protest — the idea which sadly Trump has spent two terms dismantling through mass deportations, intimidation of the judiciary and defunding of cultural institutions.

"Music has always been part of movements," Fonda said. "Of resistance movements, the civil rights movement." It is a truth asserted in the spirituals that sustained enslaved people through the darkest years of American bondage, in the labour anthems of the Depression. From the freedom songs of civil rights marches to the protest music of the Vietnam era, US resistance has always

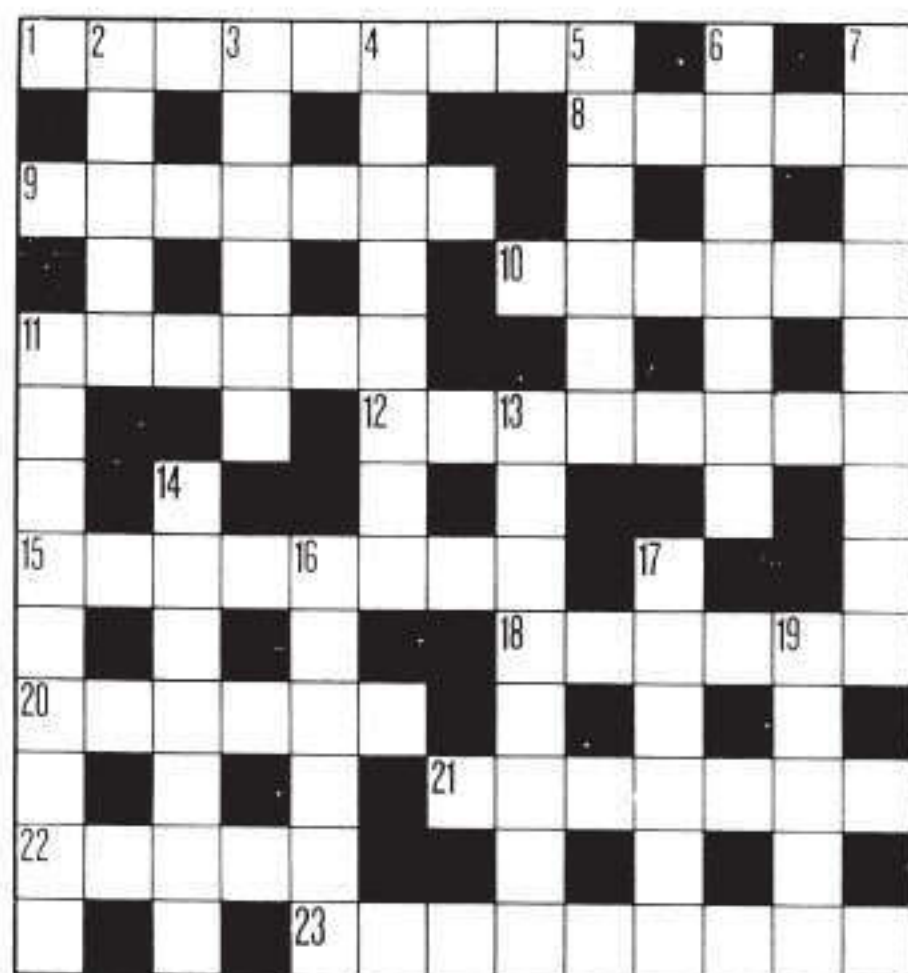
found its voice in song before it found it in legislation. Music creates solidarity across differences.

Artistes have periodically been compelled to recognise moments when the performance itself becomes a compelling political act and moments when the refusal to perform becomes a more powerful one.

Authoritarianism, whether Netanyahu's in Gaza or Trump's in Washington, fears culture because culture is where a society stores its deepest values and its most honest self-understanding and its capacity to imagine alternatives to the world we live in. This is why authoritarian regimes, like fascist Germany, moved against artists, writers, musicians and academics. This is why a cage fight on the White House lawn and a concert for the First Amendment at Town Hall, without being mere rival entertainments on a birthday evening, stand as rival visions of what a community is about.

History will record what happened on the South Lawn that night. It will also record what happened at Town Hall. And it will not be difficult to determine which image of America endures. Things are hotting up for Donald, a peculiar leader who fails to see the incongruity between the debased entertainment of a cage fight and the dark times we live in.

### QUICK CROSSWORD



- ACROSS**
- 1 Explain (9)
  - 8 Search thoroughly (5)
  - 9 Bravery (7)
  - 10 Holy (6)
  - 11 Affectedly modest (6)
  - 12 Total change (8)
  - 15 French national flag (8)
  - 18 Captain Bligh's ship (6)
  - 20 Fame (6)
  - 21 Deficient (7)
  - 22 Register as candidate (5)
  - 23 Respect (9)
- DOWN**
- 2 Free from restraint (5)
  - 3 The Big Top (6)
  - 4 Comic verse (8)
  - 5 Getaway (6)
  - 6 Ill-mannered (7)
  - 7 Foolish trust (9)
  - 11 Misrepresented (9)
  - 13 Wordiness (8)
  - 14 Loftiness of manner (7)
  - 16 Advancing (6)
  - 17 Making fine distinctions (6)
  - 19 Bracing (5)

**Yesterday's Solution**  
**Across:** 1 Measure, 4 Proud, 7 Mild, 8 Humorous, 10 Conviction, 12 Chintz, 13 Status, 15 On the rocks, 18 Spurious, 19 Gall, 20 Links, 21 Tannery.  
**Down:** 1 Mimic, 2 Atlantic, 3 Equity, 4 Promontory, 5 Oboe, 6 Discuss, 9 West Indies, 11 Stockade, 12 Counsel, 14 Thrust, 16 Sulky, 17 Burn.

### SU DO KU



**YESTERDAY'S SOLUTION**

3	5	7	1	4	9	8	2	6
9	8	1	5	2	6	4	3	7
4	2	6	7	8	3	5	9	1
8	7	5	6	9	2	3	1	4
1	6	4	3	5	7	2	8	9
2	9	3	4	1	8	7	6	5
6	4	2	9	3	5	1	7	8
5	3	9	8	7	1	6	4	2
7	1	8	2	6	4	9	5	3

**CALENDAR**  
**JUNE 19, 2026, FRIDAY**

- Shaka Samvat 1948
- Jyeshtha Shaka 29
- Ashadh Parvishle 5
- Hijari 1448
- Shukla Paksha Tithi 5, up to 5:00 pm
- Harshana Yoga up to 2:54 pm
- Ashle Nakshatra up to 10:07 am
- Moon enters Leo sign 10:07 am

### FORECAST

CITY	FRIDAY		SATURDAY	
	SUNSET	SUNRISE	MAX	MIN
Chandigarh	19:27 HRS	05:22 HRS	37	26
New Delhi			41	27
Amritsar			35	26
Bathinda			36	25
Jalandhar			35	26
Ludhiana			37	27
Bhiwani			35	25
Hisar			35	26
Sirsa			35	28
Dharamsala			32	17
Manali			25	15
Shimla			26	15
Srinagar			25	15
Jammu			34	23
Kargil			25	12
Leh			18	08
Dehradun			36	25
Mussoorie			27	18

# The Statesman

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## Credibility Crisis

India's temporary restriction on Telegram ahead of the NEET-UG re-examination has dominated headlines. But focusing on the messaging app misses the more important story. This is not about Telegram. It is about the collapse of trust in one of the country's most important public institutions. Nearly 2.28 million students appeared for NEET-UG earlier this year. Within days, allegations of paper leaks became serious enough for the authorities to cancel the examination. The case moved into the hands of the CBI, arrests followed, and students protested on the streets. Families who had invested years of effort, emotional energy and considerable financial resources were told that the examination determining their future would have to be conducted again.

In an attempt to secure the re-examination, the government has reportedly resorted to extraordinary measures: restricting Telegram, disabling features allegedly used to fabricate evidence, cracking down on fraudulent channels and, most strikingly, deploying Indian Air Force resources to transport sensitive examination material. That detail deserves far more attention than the Telegram ban itself.

The Indian Air Force exists to defend the nation's sovereignty, respond to emergencies and provide strategic capability during crises. It was never intended to become the logistics backbone of a civilian entrance examination. If a medical entrance test requires military-grade transportation to maintain credibility, then the systems designed to safeguard that credibility have already failed. The Telegram restriction illustrates this contradiction. Even if Telegram disappeared overnight, the underlying vulnerabilities would remain. Papers do not leak themselves. They are leaked by people with access to them.

Weaknesses within printing chains, transportation networks, administrative processes or among insiders cannot be fixed by temporarily blocking a communication platform. Such measures address how information spreads, not how it escapes in the first place. The deeper damage is institutional. For millions of students, NEET represents the promise that hard work and merit can shape one's future. Every allegation of fraud chips away at that belief.

Every cancellation reinforces the suspicion that honest candidates are competing not only against each other, but also against organised cheating networks. The burden of these failures falls most heavily on students who play by the rules, forcing them to endure uncertainty, repeated preparation and immense psychological stress.

The authorities deserve credit for recognising the seriousness of the crisis and attempting to restore confidence. But confidence cannot be rebuilt through emergency measures alone. It requires transparency, accountability and reforms that address the source of leaks rather than their aftermath.

The real headline, therefore, is not that India temporarily blocked Telegram. It is that the country's premier medical entrance examination required extraordinary state intervention simply to convince citizens that the process was fair. A secure examination system should not need the Air Force to prove its credibility. When it does, the crisis is not technological. It is institutional.

## Dancing girl

There is something profoundly ironic about a civilisation becoming embarrassed by one of its oldest mirrors. For generations of Indian schoolchildren, the tiny bronze figurine from Mohenjo-daro was more than an archaeological curiosity. It was an introduction to the astonishing sophistication of the Indus Valley Civilisation. Barely 10 centimetres tall, adorned with bangles stacked along one arm, a necklace around her neck and an attitude that has outlived empires, the Dancing Girl stood as evidence that the people who built some of the world's earliest cities also possessed confidence, artistry and a keen understanding of the human form. What she did not possess, however, was clothing. That simple fact appears to have become intolerable to some modern custodians of education.

The impulse to modify an ancient artefact to suit contemporary sensibilities reveals a peculiar contradiction at the heart of our educational culture. We routinely proclaim pride in India's civilisational heritage. We speak of a 5,000-year-old continuum of knowledge, creativity and resilience. Yet when confronted with an authentic expression of that heritage that does not align with present-day notions of modesty, our instinct is not to explain it, contextualise it or trust students to understand it. It is to edit it.

This is not prudence. It is paternalism. Class IX students are expected to grapple with constitutional principles, social inequalities, environmental crises, wars and scientific theories that challenge deeply held beliefs. They are capable of navigating the complexities of adolescence in an age where information flows freely through screens far beyond the classroom.

To suggest that they cannot encounter an accurately reproduced Bronze Age artefact without moral confusion is less an indictment of children than of adult anxieties. It also betrays a striking lack of confidence in history itself. Education is not meant to protect students from the past. It is meant to introduce them to it honestly.

Ancient societies had different ideas about aesthetics, dress, religion and social norms. Their worlds cannot be made comprehensible by airbrushing away the details that discomfort us. Once institutions begin modifying evidence to accommodate contemporary preferences, they teach a dangerous lesson: that facts are negotiable and authenticity is secondary to approval.

The deeper irony is impossible to ignore. Indian artistic traditions have, across centuries, depicted the human body with remarkable ease. Temple sculptures, mural traditions and classical aesthetics seldom treated physical form as inherently scandalous. The unease belongs not to the civilisation that produced the artefact, but to those claiming to defend its values today.

A society secure in its heritage does not need to clothe its ancestors before introducing them to its children. It trusts context over concealment, explanation over erasure, and education over embarrassment. The real question raised by this episode is not what an ancient bronze figurine wore and whether the decision to cover her has been reversed after criticism. It is why, after thousands of years of civilisational achievement, some of our educational institutions still fear that truth requires editing before it can be taught.

# Securing our Borders ~ II

Recent geopolitical developments have impacted the security scenario in our neighbourhood and require strategic recalibration. The Pakistan army chief's bonhomie with President Donald Trump and the American set up, and his proximity with Bangladesh, Turkey and other Islamist countries is disturbing, and should be viewed seriously

Special emphasis has been laid on the development of infrastructure in the difficult terrains in Arunachal Pradesh, Ladakh, and parts of Uttarakhand bordering China.

The main purpose of focusing on development of border areas is to reverse the trend of migration of border populations from these difficult areas to comparatively better liveable areas of the respective State.

Thinning of population in border areas because of fewer opportunities for the local populace, lack of basic infrastructure facilities, and tough living conditions, especially during winters, provide an opportunity to the Chinese army to occupy uninhabited areas. In the recent past, there have been quite a few instances of transgressions and stand-offs resulting in border tensions and diplomatic crises.

ICBR 1 (Indo China Border Roads), which was initiated in 2006, has so far seen the completion of roads up to 804 kms. Some projects undertaken in this phase are in progress. In 2018, ICBR 2 came into being with a proposal of 48 roads of 1080 kms. The government is very keen on the comprehensive infrastructural development of border areas on the Indo China border at a fast pace. Special focus is on dual-purpose infrastructure viz., landing and take-off facilities on the roads itself, helipads on road stretches, shelters, simultaneous OFC laying etc.

Both Arunachal Pradesh and Ladakh have tremendous tourist potential if development takes place in the right earnest and at the right pace. Tourism can emerge as a strong industry in these regions.

Apart from scenic beauty, the flora and fauna of Arunachal Pradesh can also give a fillip to several connected economic activities in the state, which may not only result in the development of the area, but also attract large investments. Recent improvement in air connectivity and impending rail connectivity will go a long way in giving a boost to the development of the area.

Similarly, apart from infrastructural developments in Ladakh, other industrial and economic activities in the region will help stop migration of the local population from the hard areas of Ladakh. India's strategic considerations in the Himalayan



region revolve around maintaining its territorial integrity, preserving its influence, and countering potential threats from its neighbours.

Socio-economic development of border populations is central to India's security strategy. The Border Area Development Programme (BADP) and the Vibrant Villages Programme provide roads, healthcare, schools, agriculture support, financial inclusion, and skills training, strengthening communities and making them less vulnerable to cross-border influence. Village Defence Committees (VDCs) involve locals in border guarding, with trained volunteers reporting illegal activities and collaborating with security forces. Recent geopolitical developments have impacted the security scenario in our neighbourhood and require strategic recalibration. The Pakistan army chief's bonhomie with President Donald Trump and the American set up, and his proximity with Bangladesh, Turkey and other Islamist countries is disturbing, and should be viewed seriously.

In the recent past, a top Bangladeshi army officer, Lt. Gen Karm-ul-Hassan, met the Pakistan Army chief, and discussed regional security dynamics. Both emphasized the importance and relevance of a strong defense partnership in the current external scenario.

In the same month Pakistan's ISI team under the leadership of its chief Lt. Gen Asim Malik visited Dhaka with the purpose of creating an information sharing network between the intelligence agencies of the two countries. It was the first time in decades that the chief of ISI had visited Bangladesh.

He along with his team and Bangladeshi officers had visited Rangpur district, which is close to India's Chicken's Neck, and the sensitive Chittagong hill tracts. These visits, and developing collaboration with the Bangladeshi security set up, will adversely impact peace in the northeast, especially in Assam, West Bengal, Meghalaya, and Manipur. Drug trafficking and drug abuse have

been the bane of the North-East since long. There has been a constant flow of drugs, especially heroin and Methamphetamine from Myanmar, through the porous border, and the entire region is very badly affected.

Drug lords sitting across, and within the North-East, use the narco-money for promoting their self-interests. Keeping the North-East on the boil is one of their prime motives, and to achieve this, they indulge in the business of providing logistics, arms and ammunition to insurgent and separatist groups in the North-East.

Since ISI has been using narco money for aiding, abetting, and promoting terror in J&K, and Punjab, over all these years, it will definitely use the drug lords sitting in Myanmar, with links on our side in the North-East, to promote insurgents and separatists in the region.

It has taken long years to effectively tackle these anti-national forces, and it is only recently with the active support of the central government, especially the MHA, that peace accords have been signed in Assam, with different separatist groups.

Pakistan will target upsetting this peace momentum in the North-East to create a second front. The joint naval exercise "Aman" with Pakistan and other countries in Arabian Sea by Bangladesh after 20 years, goes to show the drift away from India, and should be a cause of concern. Bangladeshi Naval Chief Admiral Mohammad Hasan, while addressing the Aman Dialogue 2025 significantly remarked, "Land divides but sea unites". This statement should be viewed in the context of a statement made by the Pakistani army earlier which alluded to the two nations

as brothers who should "remain resilient against external influences".

This is significant as it indicates a notable and important shift in bilateral relations of these two countries. Pakistan has also promised to train the Bangladesh army, and Dhaka has also shown keen interest in upgrading its air assets by way of inducting JF-17 Thunder fighter jets from Pakistan, which are jointly developed by China and Pakistan. It also symbolizes a potential tripartite defense partnership between China, Pakistan, and Bangladesh.

This keenness of Bangladesh to partner with Pakistan in defense cooperation has a potential threat embedded in it to India's internal as well as external security scenario. It will place Pakistan closer to India's eastern borders with Bangladesh (Northeast and West Bengal) and the strategically important Bay of Bengal.

ISI, along with the Bangladeshi intelligence set up, will not leave any stone unturned to embarrass India by fomenting trouble in this region, and may go to the extent of launching serious terrorist operations, like it did in Pulwama and Pahalgam.

Much before Pahalgam, Pakistanis had been hobnobbing with the Bangladeshi establishment, leaving us to wonder if Gen Asif Munir's statement of hitting India from the East, and the earlier statement of Major General (Retd) AM Fazlur Rahman, a former Bangladesh army officer, "if India attacks Pakistan, Bangladesh should occupy the seven states of Northeastern India...I think it is necessary to start discussions with China on a joint military arrangement in this regard," are part of a joint strategy.

All these statements given by different persons at different times do indicate a sinister design, and we must be prepared with not only pre-emptive moves, but also with a suitable and effective border security plan to counter this. The recent declaration by the Home minister is an indication towards that.

(Concluded)

## CHINA DAILY

## All parties should commit to path of peace

Israel's National Security Minister Itamar Ben-Gvir on Monday rejected the US-Iran deal that is aimed at ending hostilities across the Middle East, including in Lebanon, declaring that Israel is not obligated to abide by it. Israeli Defense Minister Israel Katz also said that Israel won't withdraw from land seized in Lebanon, potentially challenging the interim deal.

Only months ago, the US and Israel jointly "justified" military strikes against Iran as "necessary" to neutralize a looming "security threat". Today, Tel Aviv is reminding the world which country is the real obstruction to peace.

The reported deal is hardly a perfect agreement. Neither side achieved all its objectives. Yet that is precisely why it resembles diplomacy rather than the surrender of one of the parties.

The reality is that wars are costly. And long wars are politically fatal. The conflict has sent energy markets into turmoil. The

US, despite its status as a major energy producer, is not immune to the price spike. Higher energy costs threatened inflation just as the US administration was attempting to reassure voters about living costs and economic stability.

Washington's experience from Vietnam to Iraq and Afghanistan repeatedly demonstrates that military superiority does not guarantee strategic success. Yet the US has a peculiar tendency to forget this lesson whenever a new conflict begins, seemingly in the belief that this time it will be different.

The beneficiaries are military contractors, geopolitical speculators and some politicians associated with them. The wealthy and powerful make the decisions; the burden falls elsewhere.

This reality helps explain why the US president is now promoting an agreement under tremendous domestic pressure.

Tehran faces pressures of its own too. Hardliners reportedly remain suspicious of engagement with Washington.

While the world's attention is on Israel trying to block the deal by continuing to attack Lebanon, which Iran will not tolerate, it should not be forgotten that the Palestinian question remains the core issue of the Middle East crisis.

A durable Middle Eastern peace cannot be built while the Palestinian question remains indefinitely suspended. Gaza's devastation and the absence of a credible political pathway continue to fuel instability throughout the region. Any regional security architecture that ignores Palestinian statehood risks treating symptoms while neglecting causes. Even if the US-Iran agreement is signed, implementation will be vulnerable. The accord reportedly contains phased commitments and verification periods. Any disruption during these stages could unravel the process, as was the case with

the Gaza ceasefire deal endorsed by the US. This is where concerns about Israeli actions become particularly relevant. Israel possesses both the capability and, in some quarters, the incentive to challenge arrangements it views as unfavorable. A renewed escalation on the Lebanese front, for example, could kill the agreement in the cradle.

Against this backdrop, the willingness of the United Kingdom, France and Germany to consider lifting sanctions on Iran deserves recognition. Europe appears to understand that economic integration offers a more sustainable path than perpetual confrontation.

As Chinese Foreign Ministry spokesman Lin Jian said in reply to questions on the proposed US-Iran deal at a news conference in Beijing on Monday, China welcomes the agreement on the content of a first-phase memorandum of understanding, and appreciates the mediation efforts made by Pakistan.

## Letters To The Editor | editor@thestatesman.com

### Bengali forever

Sir, Reading Prof. Abhik Roy's article (Whither Bengali, June 12) has been a real nostalgia trip. But this wistfulness recedes the moment Shelley's immortal lines come to mind "We look before and after/And pine for what is not". The writer's concern for the evanescent Bengalinness from our life is, however, genuine. Thanks to globalization, technological progress and growing heterogeneity of population, tech-savvy younger people view themselves as part of a hybridized ethnicity that obscures our Bengali uniqueness. As staying cocooned against the influences of the rest of India or of the world is absurd, they don't mind speaking English and Benglish or Hindlish rather than just Bengali. They learn to

absorb the pan-Indian, international and multicultural influences from an early age. For they know they'll have to slough off or hide their Bengali traits while studying and working abroad. Professor Roy has rightly flagged a growing disinterest in Bengali language and literature among our learners. To my mind, lesser emphasis on the mother tongue at the school level and banishment of Bengali from the UG syllabus are partly responsible for this decline. Seldom do vernacular language and literature receive patronage from our policy framers. English is, however, omnipresent and so parents and teachers continue to instil our learners with a desire to have a good command of it. Having said these, I believe at heart a Bengali remains a Bengali forever. You can't disown Rabindra sangeet, Nazrulgeeti and

Baul. The archetypal Bengali in you will arise and awake in your sartorial elegance of wearing dhoti-panjabi or sharee-blouse ensembles during social gatherings, in pandal hopping during Durga Puja or in furious debates with your friends and family over the chances of your favourite teams in World Cup Football.

Yours, etc., Ardhendu Chatterjee, Durgapur, 15 June.

### Prudent

Sir, Apropos Harsha Kakar's 'Amidst power kegs, will peace hold in West Asia?' (June 16), the announcement of a US-Iran peace deal offers much-needed respite to a world fatigued by conflict and uncertainty. The decision to prioritise diplomacy over

military escalation is therefore both prudent and timely. History has repeatedly shown that wars may achieve short-term objectives, but lasting peace can only emerge through dialogue and mutual accommodation. The challenge now lies in translating the agreement into durable trust. Deep-seated differences over nuclear issues, regional influence, and security concerns remain unresolved and will require patient negotiations.

For countries like India, peace in West Asia is particularly important. Millions of Indians work in the Gulf region, and any disruption in the Strait of Hormuz directly impacts energy prices and economic stability. A reduction in tensions will benefit not only the region but also the global economy.


Yours, etc., Vandana, Chandigarh, 16 June.


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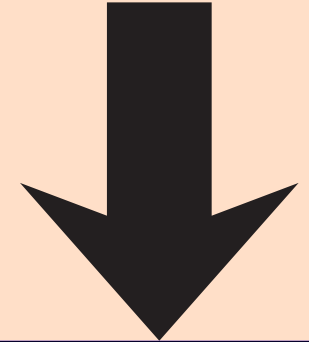
## Indian Newspaper

- 1) Times of India
- 2) The Hindu
- 3) Business line
- 4) The Indian Express
- 5) Economic Times
- 6) Financial Express
- 7) Live Mint
- 8) Hindustan Times
- 9) Business Standard

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The reclamation of Bengal

TUHINA SINHA AND ROSHNI SENGUPTA

West Bengal is not merely a state. It is, in the telling of those who sought to win it back from the Trinamool Congress, a civilisational citadel - the cradle of the Bengal Renaissance, the land of Ramakrishna and Vivekananda, Bankimchandra and Tagore, Shyamaprasad Mookerjee and Netaji Subhas Chandra Bose. The political reclamation of Bengal is therefore not a conventional electoral victory. It is rather an act of rescue: of a culture under demographic siege, of an administrative apparatus captured by appeasement politics, of a border that has become a turnstile for illegal migration, and of a Hindu majority that has been systematically reduced to electoral irrelevance in district after district.

The data, when examined carefully, lends uncomfortable weight to parts of this case. It becomes infinitely more pertinent to examine this data in the light of the commemoration of the West Bengal State Formation Day on 20 June, marking the date in 1947 when the Bengal Legislative Assembly voted to partition the region, allowing the Hindu-majority western districts to remain in India, now relevant more than ever with a staunchly nationalist party in power in the state.

The most arresting numbers concern population composition. West Bengal shares a 2,217-kilometre border with Bangladesh, the longest of any Indian state. According to Census 2011 - the last full enumeration - Muslims constituted 27.01 per cent of West Bengal's population, up from 25.25 per cent in 2001 and approximately 20 per cent at Partition in 1947. In districts abutting the Bangladesh border, the shift has been far more dramatic. Murshidabad, Malda, and Uttar Dinajpur are Muslim-majority districts, recording 66.3, 51.3, and 49.9 per cent Muslim populations respectively as of 2011.

Projections based on differential fertility and continued migration suggest these figures have shifted further in the fifteen years since. The NFHS-5 (2019-21) recorded a Muslim TFR for West Bengal of approximately 2.4, against a Hindu TFR of around 1.7 - a gap of 0.7 children per woman that compounded

over decades produces significant compositional change. Applying conservative demographic modelling, Bengal's Muslim share is estimated to have crossed 29-30 per cent by 2024, with border districts likely showing Muslim majorities or

but a Parliamentary Standing Committee report from 2022 noted that over 740 kilometres of existing fencing was 'non-functional, damaged, or incomplete'. River-boundary segments - particularly along the Padma,

It can be argued that the electoral and demographic question cannot be separated from a deeper civilizational one. Bengal's Hindu intellectual and cultural heritage - the Durga Puja that UNESCO recognised as an intangible cultural heritage, the Baul tradition, the Shakta devotional current that runs from Kalighat to Tarapith, the flowering of Gaudiya Vaishnavism that lends spiritual depth to the soul of Bengal - was under tremendous structural pressure. In Murshidabad and parts of Malda, long-time Hindu residents reported steady outmigration - a quiet demographic retreat driven by a combination of economic marginalisation, low-level intimidation, and a perceived absence of state protection.

The argument is not simply cultural sentiment. It intersects with strategic geography. West Bengal's 'Chicken's Neck' - the Siliguri Corridor, a strip of land as narrow as 22 kilometres connecting the northeastern states to the rest of India - runs through a region where demographic change and infiltration pressures converge most acutely. Any compromise of the Corridor's security environment has consequences far beyond Bengal: it affects the logistical spine connecting Assam, Manipur, Nagaland, Mizoram, Tripura, Meghalaya, and Arunachal Pradesh to mainland India. The Chicken's Neck corridor, thus, is not merely Bengal's problem - it is India's strategic jugular.

The BJP's 2021 performance in Bengal - 77 seats, 38.1 per cent vote share, the first time a non-Left, non-Congress, non-TMC party had crossed 35 per cent in the state - demonstrated that the electoral arithmetic, while challenging, is not prohibitive. The party's vote share trailed the TMC's 47.9 per cent by nearly ten percentage points, but the distribution matters as much as the aggregate: in north Bengal and in the Hindu-majority rural constituencies of Janglemahal, the BJP ran competitive or dominant races.

The 2024 general election complicated the picture. TMC recovered ground lost in 2021, winning 29 of 42 Lok Sabha seats with a consolidated Muslim vote. The 2026 assembly elections were therefore fought on multiple planes simultaneously: welfare delivery versus governance credibility,

perceived secular Bengali cultural identity versus Bengal's actual Hindu consciousness, and a TMC-led criminal syndicate that was formidable but increasingly contested from within by defection, factionalism, and the long shadow of corruption, systemic failure, policy paralysis, and political violence.

For those who framed the contest in civilisational terms, the 2026 election was not simply about replacing one government with another. It was about whether a state that once gave India its intellectual spine could reassert the terms on which it wished to be governed - demographically, culturally, and strategically - before the window of electoral possibility closed. And it did - Bengal voted unequivocally for change, for transformation, for redemption.

The case for Bengal's political reclamation, rested on four interlocking arguments: that demographic change driven by illegal migration is altering the electoral and social composition of the state faster than any policy intervention has been able to reverse; that border management is functionally impossible without a state government willing to cooperate with central security architecture; that institutional decay - in policing, judiciary, and civil administration - has created a governance vacuum that emboldens criminality and anti-Hindu aggression; and that the cultural and strategic stakes extend far beyond West Bengal's own borders.

Decisions by the newly sworn-in BJP government like handing over land around the Chicken's Neck Corridor to the BSF for border fencing and the "detect, delete, deport" policy for illegal Bangladeshi and Rohingya Muslims within the first 30 days of assuming office have emerged as the sign of things to come. On the occasion of the West Bengal State Formation Day, it becomes increasingly poignant to underscore the fact that the story of Bengal's cultural revival - or reclamation - is far from over. The first steps, however, have been taken and how.

Table 1: Muslim Population Share in West Bengal - Key Districts (Census 2011 and Projections)

near-majorities in additional talukas. In six border districts, the Hindu population has declined as a share of the electorate in every electoral cycle since 1977. This is not conjecture - it is the arithmetic of voter rolls.

The India-Bangladesh border running through West Bengal is among the most porous in the world. The Border Security Force (BSF) has consistently flagged infiltration as its most operationally taxing challenge on this front. Official data tabled in Parliament shows that between 2017 and 2023, over 97,000 individuals were apprehended attempting illegal cross-border movement on the Bengal-Bangladesh frontier - an average of nearly 14,000 per year. Unofficial estimates from retired BSF officers place the number of successful crossings at between five and ten times higher.

Fencing has been a persistent failure. Of the 2,217-kilometre border, approximately 1,840 kilometres are supposedly fenced,

Ichhamati, and Mathabhanga - are structurally un-fenceable and have long been conduits for undocumented movement. The challenge became more acute after the political turmoil in Bangladesh in 2024, which generated a fresh wave of attempted crossings.

The fact remains that the TMC administration structurally inhibited BSF effectiveness within the state's jurisdiction. The state-Centre standoff over BSF's operational jurisdiction - the Centre extended BSF authority to 50 kilometres from the border in 2021, the Bengal state government refused to gazette the notification - thus created a contested operational zone that illegal networks exploited. Former Intelligence Bureau officers have noted that in several border talukas, local law enforcement's symbiosis with smuggling networks - cattle, Phensedyl coughsyrup, gold, and humans - make effective border management functionally impossible without a change of government in Nabanna.

Table with 4 columns: Year, Apprehensions (Bengal Sector), Pushbacks, FIRs Registered

Let's tread slowly with biofuel ambitions

SHREY MADAN

India's fuel policy is increasingly being shaped by blending targets. First came ethanol blending mandates. Then E20 became the national standard. E85 is now part of the country's longer-term fuel strategy. The latest addition could be diesel blended with up to 15 per cent isobutanol.

The case for isobutanol is not difficult to understand. It offers several advantages over ethanol, could reduce dependence on imported crude oil, and may help lower emissions from India's vast diesel fleet. But before another fuel target becomes policy, it is worth asking a broader question: are fuel transitions being driven by market readiness or by mandates? The government's interest in isobutanol reflects a practical limitation in India's current biofuel strategy. While ethanol blending has become a central pillar of petrol policy, extending biofuels

to diesel has proved far more difficult. The technical limitations of ethanol-diesel blends led policymakers to consider alternatives better suited to the diesel market, with isobutanol emerging as the leading candidate.

Unlike ethanol, isobutanol is inherently more compatible with diesel. It can be blended with fewer technical constraints for engines and existing fuel infrastructure, making it a more practical option than earlier alternatives. For an economy that still imports more than 85 per cent of its crude oil, expanding the range of viable domestic fuels is a sensible objective.

But promising technologies do not automatically make good mandates. The real test for isobutanol is not whether it performs well in pilot projects. It is whether it can be integrated smoothly across millions of vehicles, thousands of fuel stations, and one of the world's largest transport networks. Consumers are often the missing piece in these conversations.

Policymakers tend to focus on blending ratios, production targets, and energy-security gains. Vehicle owners tend to focus on different questions. Will manufacturers continue to honour warranties? How will long-term engine durability be affected? Will fuel quality remain consistent across regions? What happens if compatibility issues emerge years after adoption?

These concerns are not arguments against isobutanol. They are questions that should be answered before mandates become policy. Supply chains present a similar challenge. Although isobutanol is technically better suited to diesel than ethanol, commercial adoption will depend on more than compatibility. It will require sustained investment, dependable supply, and clear standards that give refiners, fuel suppliers, and vehicle manufacturers the confidence to invest for the long term. A mandate can create demand overnight. Building the ecosystem to support it takes

considerably longer. India's own experience with ethanol offers a useful lesson. The rollout of E20 and now E85 is not the result of a government target. It depended on years of investment in production capacity, fuel distribution networks, regulatory standards and vehicle compatibility. Even then, questions around mileage, compatibility, and real-world performance continued to influence consumer choice.

For instance Brazil's ethanol programme is often cited as a benchmark, but its success was built over decades rather than through rapid escalation. As flex-fuel vehicles became widely available, consumers gained the ability to switch fuels based on price and availability. Demand followed economics rather than policy targets alone. The transition succeeded because markets, infrastructure, and consumers evolved together.

That is the lesson policymakers should keep in mind as they consider

isobutanol. None of this argues against expanding India's biofuel ambitions. Energy security matters, and recent disruptions in global supply chains have reinforced the importance of building domestic alternatives. But stronger domestic production and successful fuel transitions are not the same thing. The latter depends on whether consumers, infrastructure, and markets are able to keep pace.

The challenge is not introducing another fuel. It is creating the conditions that allow it to compete. That means testing, infrastructure, dependable supply, and clear standards, but also the confidence of consumers and industry. Technologies that deliver real value rarely need to rely on mandates indefinitely. The long-term success of isobutanol will depend on whether it earns its place in the market, not simply its place in policy.

(The writer is Indian Policy Associate, Consumer Choice Center.)

100 Years Ago



Front page of The Statesman dated 19 June 1926

OCCASIONAL NOTE

As a result of the Rawalpindi disturbances there has been rioting and murder at Ramkund, a shrine twelve miles from the city, venerated by both Sikhs and Hindus. Outside of Rawalpindi itself the Mussalmans outnumber the rest of the population of the division by four to one, and this fact, perhaps, explains why the casualties reported at Ramkund are all Hindus. It is difficult to see what kind of protection the authorities can afford to isolated Hindu groups in places where neither police nor soldiers are stationed. The mischief has been done long before aid arrives. At the same time individual landholders and merchants have far more influence in the district than in the town. They are known to their tenants and customers and can influence them in various ways. For this reason an appeal to leading men in the mofussil to use all their influence for peace may have bigger results than similar appeals in the big cities, where the mob finds its own leaders. We have no doubt that whatever can be done in the direction of making appeals is already being done in the Punjab by nonofficial bodies, but it would certainly do no harm if the announcement were made that the Government expects all zemindars as well as custodians of mosques and gurdwaras to work actively on the side of law and order.

News Items

AIRSHIP DEVELOPMENT

FIRST FLIGHT TO INDIA NEXT YEAR

LONDON, JUNE - REPLYING to questions in the House of Commons Sir Samuel Hoare, Air Minister said that the first airship flight to India could be expected in the summer or autumn of 1928. Mooring masts were being erected at Cardington and Ismailia.

The erection of the mast at Karachi was postponed for reasons of economy. No actual negotiations were proceeding with regard to continuing communication to Australia, but it was hoped that the present scheme of airship development would lead to a regular airship service to Australia.— Reuter.

PROJECT REJECTED

JOINT MINISTRY OF DEFENCE

LONDON, JUNE - THE project of establishing a Joint Ministry of Defence has been definitely ruled out according to the statement of Lord Balfour in the House of Lords declaring that the plan was impracticable. Nevertheless, he added, the Government had taken an important step towards co-ordination in the shape of a special warrant shortly to be issued defining the duties of the existing three Chiefs of Staff who will form their own committee, with individual and collective responsibility, for advice given to the Cabinet. The Government was also establishing a College of Imperial Defence to enable soldiers, sailors and airmen to understand each other's work.— Reuter.

"HORSE OF CENTURY"

SOLARIO'S GREAT FEAT IN GOLD CUP

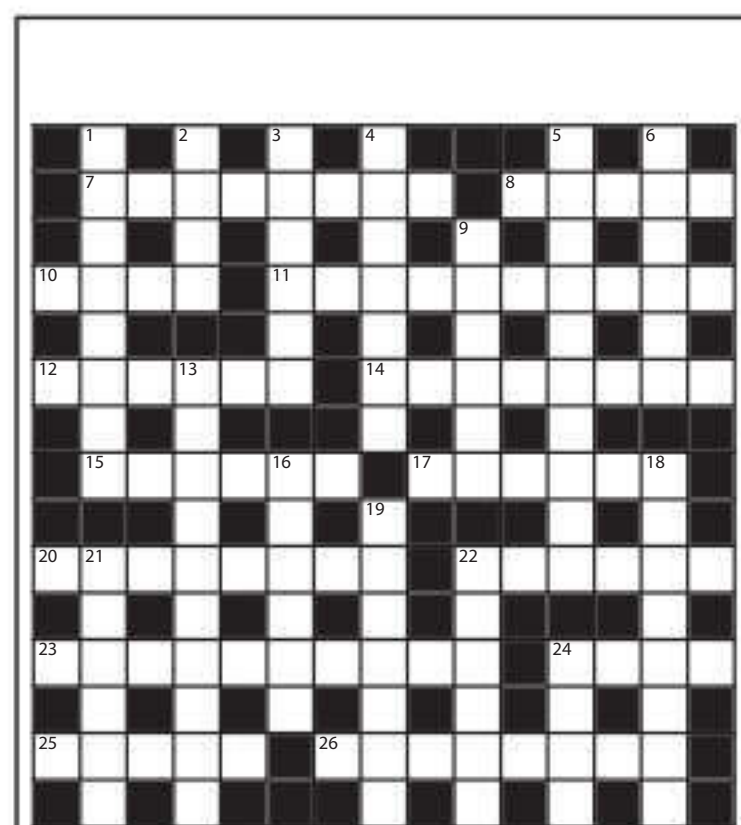
(SPECIAL CABLE.) LONDON, JUNE - Ascot glories reached their climax this afternoon when Sir John Rutherford's Solario, an odds-on favourite, described as the "horse of the century," fulfilled expectations by overcoming a strong French challenge before the largest, gayest, and most fashionable crowd of the meeting. Thousands of women were there in the prettiest, and flimsiest toilettes, in face of the frowning weather, which, unlike yesterday, was dull, cool, and showery. In addition to the Royal party, Mr. Baldwin, whom his wife declares "does not know one end of a horse from the other" was present on one of his rare visits, accompanied by his wife and daughter.

PETROL ROYALTIES

TURKEY AND THE £500,000: A DENIAL

BAGHDAD, JUNE - As a result of further enquiries the statement, freely circulated in Baghdad regarding the Turkish Government's accepting £500,000 in lieu of royalties payable by Iraq to the Turkish Petroleum Company is found to be inaccurate.— Reuter.

Crossword | No. 293495



Yesterday's Solution



ACROSS

- 7 See 11
8 Boycott Government opponent over a little bit of flak (5)
10 Market always has salmon (4)
11/7 Fathead! Soon deduce a timeless quality, unfortunately, that's shared by Johnson and his cohorts (8,2,8)
12 Tired of being rudely assaulted (6)
14 Double bed artist in attendance (8)

- 15 Look, talent and ability ultimately deficient (6)
17 Keep smallholder originally keeping old ducks (6)
20 Undistinguished salesman getting sacked (8)
22 Drink in clubs - may attempt to return (6)
23 Very discontented - a 9,10 spelt out regardless (2,3,5)
24 Stroke ram turning on ewe's neighbour, reportedly (4)
25 12 taking time off (3,2)

- 26 Confidence expressed before 24A in a nasty spot (8)
DOWN
1 Wolfish? That's a nervous reaction! (8)
2 Fire in Notre-Dame upset American Football people (4)
3 19's good for Sunday Post journalist (6)
4 Top in English, fifth in History, German unknown, with pass in Science (7)

- 5 Telling Dracula maybe to stop slightly twisted rule? (10)
6 Labour stronghold supports left wingers quitting (6)
9 Writer like me alternatively picked up over 5 (6)
13 Pretend over a long period - solvers, it's disgraceful (5,2,3)
16 Old city getting top people? Not quite (6)

- 18 Small matters worried fashionable types (5,3)
19 Led country to present day (7)
21 Embryonic protection in largely nominal form (6)
22 Lowers expectations from the start having left PM - see above (6)
24 Housework mounted for children's favourite (4)

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

## OUR VIEW



## The US versus Iran: has economic warfare won?

Military force was trumped by an energy clamp, as the MoU both signed this week suggests. Now Tehran should take care not to turn peace into a pill too bitter for America to swallow

It began spectacularly, the war waged by the US and Israel against Iran, with a dramatic 'decapitation strike' that left the Islamic Republic's supreme leader dead. Students of strategy said it recalled the Battle of Gaugamela (331 BCE), in which Alexander of Macedonia went straight for Darius III of Persia. Except that the regime attacked on 28 February did not fall apart, but fought back, deployed economic warfare and held energy markets hostage with its clasp of Hormuz. From West Asia's haze of explosions and maze of threats has now emerged a peace process. It takes the shape of a memorandum of understanding (MoU) signed this week by the US and Iran. The agreement aims to end hostilities and reopen the Strait of Hormuz within 30 days, while a final deal is worked out over 60.

Which warring side will emerge better off from the war has held the world agog for good reason. The strait, notably, was open to traffic before it got embattled. Under the MoU, both parties are committed to ease their clamps right away, but the text leaves space for Tehran to charge passage fees after two months. Moreover, Iran could gain access not just to its old US-frozen assets and overseas markets once sanctions are lifted, but also a new US-backed fund for its economic recovery worth \$300 billion. US officials have said that financial relief would be calibrated, so that it can be dialled up by Tehran's behaviour. True, the MoU ties relief for Iran's economy with final-pact talks and is rather sketchy about the fund, but its text echoes Tehran's positions in significant ways. This truce covers Lebanon, for example, as Tehran insisted (to Tel Aviv's dismay). Critically, on the core standoff that led Uncle Sam to war, all that Washington has extracted is an

Iranian pledge not to make a nuclear weapon. This was not only part of Iran's Obama-era deal with the US that President Donald Trump scrapped, it has long been its stated position. What Tehran will do with its stock of enriched uranium has been left for final negotiations. Should a grand pact emerge, the UN Security Council would have to endorse it, which exposes any settlement to a Chinese veto, while the US has promised to withdraw its forces from around Iran. No matter how all this is sliced or diced, the MoU looks stacked in favour of the player that turned energy supply into a weapon and let oil prices play on the nerves of its mighty adversary.

Perhaps aware of the MoU's optics, Trump has verbalized a will to resume this war if the plan goes sideways. This is reason enough for Iran not to gloat over the outcome, which remains interim, even if strategy works in Tehran are tempted to draw a chess analogy. After all, last year's anti-regime stir in Iran arguably did end up as a classic trap for an Uncle Sam bent on regime change. Ever since the Shah of Iran's 1979 ouster, the gulf between this young republic and the world's most powerful has been wide, deep and bitter. America turned to the common sense of a 'king' being just another fallible person about 250 years ago, but has seen its republican record weaken lately. As the dust settles on yet another flare-up in West Asia and the world heaves a guarded sigh of relief, it is for Iran to display maturity by making an earnest effort to patch up with the US. Tehran's succession at the top from father to son has given it an air of monarchy too. Yet, the two countries have something valuable in common beyond just 'nuclear dust.' Peace is hard work. By mutual will, a start has been made. Thankfully.

## GUEST VIEW

## India must act now to charge up its electrical equipment industry

Boosting domestic production could help India meet demand at home and lead the global market



**RAJAT GUPTA & BHAVESH MITTAL**  
are, respectively, senior partner and partner, McKinsey & Company.

Global power consumption could double by 2050, creating a \$2.5 trillion market for electrical equipment. India's own consumption could triple to nearly \$200 billion in the next decade. While this industry has outperformed others, only 10 companies earn annual revenues above \$1 billion; five surpass \$2 billion. In 2025, India produced \$32 billion worth of electrical equipment for a domestic market estimated at \$59 billion. Few players operate at a scale that is comparable to their global peers. At this pace, India's local production shortfall could exceed \$130 billion, pushing our import dependence to around two-thirds in a decade, a level that would rival our energy imports.

Domestic manufacturing needs to expand to over \$220 billion by 2035. This will require additional large, well-capitalized domestic champions and anchor investors, even as the country addresses challenges around supplier ecosystems, talent gaps, technology development and absorption.

We need action on four fronts.  
**Radical improvement in quality and on costs:** Electrical-equipment costs are 15-20% higher today than global benchmarks, primarily due to imported sub-components and foreign machinery as well as manual production processes. Deploying 'design-to-value' levers—such as 'product teardowns' to analyse engineering choices part-by-part

against customer needs or analytics-driven idea generation—could cut bills of materials by around 20%. Increasing automation and selective backward integration for critical components could also enhance yields, improve consistency of product-performance, boost quality and reduce costs.

**Put innovation at the centre:** Research and development (R&D) investment by Indian companies averages about 0.5% of revenues, whereas leading Chinese firms spend 1.5-2.0%. Dedicated R&D centres for smart grids, Industry 4.0, and circular economy solutions could change the story. Companies could also forge global technology alliances and pursue cross-border M&As to acquire proprietary capabilities in emerging fields. These efforts should accompany cross-disciplinary collaboration with academic institutions on advanced materials and with energy-tech startups to pilot new solutions.

**Develop a global footprint:** In the global electrical-equipment industry, solar photovoltaic (PV) products, cables and wires, transformers, switchgears and batteries account for \$500 billion in annual revenue, of which India's share is under 2%; China's is nearly 30%. Tripling our share in key categories like cables, transformers and solar PV is not beyond reach. Companies could evolve

past a product-centric sales model to build a local footprint in markets like Europe and North America, where customers buy on the basis of total cost of ownership, quality and service levels.

Strategic partnerships with local manufacturers and distributors could enable participation in global tendering processes and enlarge market access. For example, for solar PV exports, India should go beyond module assembly and build upstream strength across ingots, wafers, cells and modules. This could be anchored in domestic demand, supported by local silica mining and processing, and complemented by investments in thin-film technologies.

**Double down on high-growth segments:** These segments include clean energy, grid stabilization, power electronics and software. The global market for power electronics and software could exceed \$400 billion annually by 2035. Indian companies could grow their power-electronics capacity from sub-\$400 million to about \$7 billion by moving into hybrid power semiconductor devices like IGBTs and Mosfets. They must also expand AC-compressor production three to five times and quadruple cables-and-wires output, including renewable-energy and high-voltage power cables, apart from building wires.

Time, capital and talent need to be allocated for this. India could deploy its talent advantages (expertise in IT and chip design), focus on high-margin niches such as compound semiconductors (made from two or more elements unlike single-element silicon), and high-demand sectors like EVs, renewable power and data centres. Developing capabilities in these areas across the value chain could mean capturing the most valuable segments of the market.

A five-fold expansion of domestic production will secure India's self-reliance, shrink import dependence to under 14% and position the country as a global leader, with annual exports potentially rising from about \$12 billion to over \$65 billion in a decade.

## QUICK READ

A sharp focus on cost reduction, quality improvement, R&D, global market opportunities and high-value emerging segments could turn India into an electrical equipment making powerhouse.

Right now, we have very few large-scale players, and business-as-usual would leave India with an electrical equipment import dependence that may rival the energy sector's within a decade.

## 10 YEARS AGO



## JUST A THOUGHT

In life, unlike chess, the game continues after checkmate.

ISAAC ASIMOV

## GUEST VIEW

## Are India's vulnerable turning to illegal money games?

ANGANA PARASHAR SARMA & ARPITA MUKHERJEE



are, respectively, external consultant and professor, Indian Council for Research on International Economic Relations.

Somewhere in India, a delivery rider finishes a 12-hour shift and opens a gaming app. In another city, a retired government employee, drawn in by what appears to be a gaming application, finds her savings gone after falling prey to a phishing scam. A trader finds himself on an offshore unregulated 'teen patti' platform designed for this card game. These are not isolated stories anymore. They add up to indicate a collision between economic insecurity and rising aspirations. They also reveal a need for consumer awareness.

India's online gaming explosion did not happen overnight. The covid pandemic was its true accelerant. When lockdowns shuttered offices and livelihoods, millions turned to smartphones for income and entertainment. Work-from-home normalized an increase in screen time at an unprecedented scale; the UPI revolution had already primed easy payments. Platforms with modest user bases in 2019 reported multi-fold growth through 2020-21. As estimated, India now

has over 590 million gamers, one of the largest gaming populations in the world. But who are these individuals? No national survey has yet identified participation by vulnerable groups or what drives them to such games.

Low to middle-income Indians with cheap access to the internet may be caught between the pressures of aspiration and their daily grind to make ends meet. While digital access is rising, incomes and the quality of jobs remain low. According to the Periodic Labour Force Survey (PLFS), India's informal economy accounts for more than three-fourths of its non-agricultural workforce. These workers have no job security. In 2025, the unemployment rate of urban youth (aged 15-29 years) was 13.6%. Formal jobs with retirement and other provisions have eluded this generation. Gaming platforms seem to have filled this gap between ambition and opportunity by offering a chance to earn on the basis of what gamers often perceive as their skills.

Financial hardships have largely been worsening. Global energy disruptions have led domestic energy prices up. In April, wholesale fuel and power inflation spiked to 24.7% year-on-year. Petrol now retails at ₹98.64 per litre in Delhi, ₹107.59 in Mumbai, and ₹109.70 in Kolkata, while a domestic

cooking gas cylinder costs over ₹900. For a gig worker, tea plantation worker or small-scale trader on thin margins, rising household bills for daily essentials could mean the difference between regular meals and an empty kitchen. When routine expenses outpace wages, especially if the latter are stagnant, the psychological appeal of 'fast cash' grows dramatically. Online money gaming, often seen as just a form of entertainment, could become a desperate survival tactic.

Recognizing the social risks, the government introduced the Promotion and Regulation of Online Gaming (PROG) Act of 2025, which sought to ban money games played on the internet. It did not solve the problem, as such activity simply went underground. Users migrated from regulated Indian platforms to lawless offshore websites beyond Indian jurisdiction. These platforms offer no consumer safety or withdrawal protection, leaving trapped users with absolutely no

legal recourse. To address this, by March 2026, the ministry of electronics and information technology (MeitY) had blocked over 8,300 illegal betting and gambling sites. These interventions were well-intentioned, but the problem has persisted. The PROG ban has deprived the government of tax revenue, while law-compliant domestic firms lose market share and vulnerable users are left exposed. Digital firewalls are porous and determined users can find workarounds, which may explain why reports of financial ruin and suicides linked to gaming debts continue to surface with disturbing regularity.

Online money gaming has long been treated as a simple law-and-order issue. It must be reframed as a public health and behavioural policy challenge. *Economic Survey 2025-26* warns of rising digital addiction across India and a creeping overlap between gaming and gambling. Effective regulation requires empirical evidence that policymakers currently

There are signs that India's ban on money games has pushed gamers towards risky informal platforms. Such behavioural patterns may hold the key to framing an effective response.

lack and the 2025-26 survey of the economy rightly calls for policy intervention based on a pan-India study.

India urgently needs a comprehensive empirical survey to map user spending patterns, addiction indicators and mental health impacts. Our social security architecture is simply outdated; the colonial-era Plantations Labour Act of 1951, for example, was built for a static, physical workforce and cannot address the psychological vulnerabilities of today's contract workers. The new Occupational Safety, Health and Working Conditions Code is still under implementation. India has free foodgrains and other welfare provisions for the hard-up, but its social security net is inadequate for millions of people who struggle with rising daily costs.

Instead of building policy barriers that could drive vulnerable groups to physical gambling or informal gaming, we should address their basic needs and mental health conditions. Consumers should be involved in policymaking and governance. With the world's largest population, India's need to secure its digital future cannot be overstated. How well we fare will ultimately be judged by how responsibly digital growth is governed and our citizens behave.

These are the authors' personal views.



THEIR VIEW

MINT CURATOR

# Forget monsoon rains: we now require a thermometer instead

Analysis shows that temperature levels impact India's food inflation and output more than rainfall, especially in El Niño years



**PRANJUL BHANDARI**  
is managing director, chief India economist, macro strategist and Asean economist, HSBC

Over the last decade, we have been steadily refining our understanding of the impact of weather on the economy. Our latest findings suggest that it's time to get prepared for rising inflation and softening growth.

A couple of years ago, we pointed out that reservoir levels matter more than rains for India's food production and inflation, as they capture underground water as well. More recently, we advanced our analysis from rains and reservoirs to temperatures. With global warming, average temperatures have crossed previous thresholds. As we explain later, they now impact the broader food basket and inflation much more than even rains and reservoirs do. In fact, we find that tracking surface temperature is enough to get a good sense of where food inflation is headed. We don't even need to track rains in most parts of India anymore.

As a result, we extend our work on surface temperatures mattering more than before to understanding what happens specifically in El Niño years. Scientists at the National Oceanic and Atmospheric Administration in the US have not just announced an El Niño is forming; they have also assigned a 63% probability that it will be a 'very strong' El Niño (the highest classification, with surface temperatures in the southern Pacific Ocean in excess of 2° Celsius above normal).

Traditionally, El Niño is associated with warmer temperatures, less rains, higher food inflation and lower growth. We find that the nature and impact of El Niño is changing too.

We have data on average surface temperatures across India since the 1950s which shows that heatwaves in India are starting earlier, lasting longer and becoming more intense. Moreover, the correlation between average temperature and India's food inflation has been rising over time because as the earth heats up, crop yields fall. Some of this is fresh in memory. The heatwave of March 2022 lowered the sugarcane crop yield by 30%, while hurting the production of vegetables and oilseeds. In March 2024, temperatures rose to 50.5° Celsius in some areas, leading to heat stress and a sharp rise in vegetable prices.

All this matters a lot more in an El Niño year. And beyond the headline numbers, there are some less-known consequences of El Niño in India.

One, the probability of high temperatures is stronger than the probability of low rains. For instance, in the 2019-20 and 2024-25 El Niño years, rains were strong despite the phenomenon. But for both these years, temperatures shot up above normal levels. Two, how much temperatures rise during El Niño years is growing. And this is where the worry lies. An El Niño can be a lot more hurtful now than in the past.

Which crops will be most impacted? Perishable crops like vegetables and fruits have traditionally



been more sensitive to heatwaves than others, and this sensitivity is rising. Relatively durable crops like cereals, pulses, oilseeds and sugar are not too far behind. True, they have traditionally been less sensitive to heat, but their sensitivity is rising as temperatures rise. Even the price of dairy, poultry and fishery products, which we club as animal protein sources of food, are becoming increasingly more sensitive to rising temperatures.

This, then, brings us to another important question. If the sensitivity of food production and inflation to temperatures has risen over time, what role do rains and reservoirs play?

To answer this carefully, we use our statistical model. We find that temperatures are far better than rainfall in explaining and forecasting food inflation. In fact, once temperatures are included, there is no value in analysing rains and reservoir levels. Over time, the coefficient of reservoir levels in our regression model has been falling, indicating that its importance has dwindled. Why? With irrigation facilities improving, the low-rains problem has partly been circumvented, especially in some areas like north-western India. And with temperatures having crossed previous thresholds, its relative importance in driving inflation has risen.

What does all of this mean for 2026-27? It's

going to be a season of overlapping shocks. Even before we are completely out of the woods on energy and industrial feed shortages induced by the closing of the Strait of Hormuz, El Niño has set in. All economic variables, particularly inflation and growth, will likely be impacted.

On inflation, if the temperature rise is in line with the last 10-year average, we calculate that inflation could be half a percentage point higher over a year from the onset of the El Niño.

On growth, the informal sector, comprising rural workers and urban informal workers, gets impacted most during supply shocks. Heatwaves will impact farmers and high inflation will likely impact both rural and urban informal workers, who tend to be price sensitive and together make up two-thirds of India's consumption pie. El Niño could shave off 0.3 percentage points from growth, going by past experience.

As the government steps in to support growth with credit guarantee schemes, rural unemployment benefits and public capex,

we could see some fiscal slippage. The Reserve Bank of India may be torn between elevated inflation and softer growth. Given that inflation is its prime mandate, it may have to raise rates, but probably only gently. The heat will be felt across much of the economy.

QUICK READ

Temperatures are proving better than rainfall in explaining and forecasting food inflation in India. Once we take heat into account, there's no value in analysing rains and reservoir levels anymore.

India's heat problem worsens in El Niño years. As we enter a season of overlapping shocks, estimates for 2026-27 indicate that inflation will trend higher and economic growth will slow.

# The UK seems deeply divided over its stance on technology

At some point or another, its 'special' ties with the US may intervene



**MIHIR SHARMA**  
is a Bloomberg Opinion columnist.



It's hard to tell 'good tech' apart from 'bad tech' in today's world. ISTOCKPHOTO

Last week, Keir Starmer proudly told an audience of engineers and investors at a London tech conference that the UK was "the third largest technology economy in the world," and that half of all startup investment in Europe flowed to Britain. And then, in the same speech, the prime minister gave tech companies a three-month deadline to prevent children's phones from sending or receiving explicit images. He followed this up by announcing a social-media ban for under-16s.

Starmer is responding to what voters—and a cohort of his lawmakers—want. They would welcome a more adversarial approach to aspects of the tech revolution that they believe harm their children and endanger Britain's democracy. But this sits uncomfortably with the government's broader 'tech forward' posture, which seems to position that sector—and AI in particular—as central to the UK's growth revival. Starmer has promised to deliver "the best state partner for tech entrepreneurs anywhere in the world." When his government launched an AI Opportunities Action Plan, it claimed that £14 billion had been committed by the giants of Silicon Valley in response.

The PM is right that Britain's vibrant tech environment sets it apart from European peers. But that edge depends, in the end, on a stable flow of foreign capital—especially from the owners and funders of the very platforms and companies over which Whitehall wants to assert control.

These self-contradictions are visible elsewhere in government as well. Officials are fretting about the effect of Big Tech on politics and young people while rolling out new AI tools for job seekers and disadvantaged students.

Is this Janus-faced approach sustainable? It might be if one could draw a clear line between 'good tech' and 'bad tech.' But everyone has trouble doing that, including Whitehall. Nor has the UK stuck to targeting social media alone. Its antitrust authority has gone after Apple and Google, demanding changes to their app stores and that British fintech companies be allowed to trial their alternatives to Apple Wallet on iPhones. Earlier this year, the government reversed plans to let US AI labs train their models on copyrighted material.

As with all of Starmer's U-turns and half measures, these are attempts to unite competing factions with often irreconcilable views. There is an unresolved conflict about American Big Tech at the heart of the British establishment—one that divides Labour but extends beyond the ruling party.

Labour has plenty of members of Parliament who see their primary mission in government as kick-starting growth, investment and job creation. They seem unable to easily imagine a world where they reject the economic advantage of being ahead in the tech race. This side also includes some of the old UK-US 'special relationship' diehards in new clothes, as well as various Anglo-futurists and techno-optimists who genuinely believe Britain's future relies on being at the cutting edge.

Ranged against them is a disparate, disconnected coalition that privileges sovereignty over growth. Many on the centre-left are dismayed about the UK subcontracting child rearing, governance, health, etc, to large corporations that they instinctively distrust. That most of these firms are based in the US is an additional cause for complaint. Europhiles are in this group too, recognizing that pushback against US dominance will only be effective if coordinated with Brussels. And there are many refuseniks on the centre-right, who simply do not see how British greatness can be restored unless it finds a way to bend these new industries and supply chains to its will.

It does not help that the debate between these opposing sides is coloured as much by today's geopolitics as it is by a hunt for sustained British growth over the next decade. The pro-growth worries that if Westminster overdoes Big Tech badmouthing, it might attract the unwelcome attention of the US president. This might destroy the fragile truce that has developed between the two nominally allied countries.

The other faction—known to some as the 'Love Actually' group, a nod to Hugh Grant's fictional prime minister standing up to a bullying American president—would like to see exactly that. Many in Labour hope that detaching Britain from tech billionaires and Trump would shore up confidence in the government.

At some point, these contradictions will be resolved; but not, I suspect, because of any conscious choice by the British prime minister. Trump is openly weaponizing America's AI dominance. Any country, ally or not, trying to carve out its own niche in this new tech landscape will attract his ire. At that point, the time for half-measures will pass. Starmer, or his successor, will have to pick a side.

MY VIEW | PEN DRIVE

# All roads lead to Viksit Bharat: a dream that's fading

JYOTHI KRISHNAMOORTHY



is CFO, Council on Energy, Environment and Water.

Every evening, on the exit from Sector 37 in Faridabad onto the RMP expressway, cars come at me the wrong way. It is not the odd reckless driver, but the apparent norm. This is so at every exit, where the road layout offers no safe option. Crashes are frequent; I read of them almost daily, a steady drip of dread.

One was reported by *The Tribune* on 28 November 2025. On a service road in Faridabad linked to the Delhi-Mumbai Expressway, a sedan returning from a wedding made a U-turn under a flyover near Sector 14; a speeding SUV slammed into it, and Mahesh, a workshop operator, died on the spot.

Here is the contradiction of our moment. We are aiming for Viksit Bharat—or developed-country status—by 2047, yet what unfolds daily on Indian roads is a story of regression over progress, a country slipping backward one avoidable death at a time.

None of this is bad luck. NH-148NA, a spur that takes Delhi and Noida traffic

through Faridabad to the expressway, was designed without asking how local residents would use it. Where colonies open onto it, the exits are either misplaced or missing, so a driver gets on, finds no exit and doubles back into oncoming traffic. Thoughtless road design did not just permit fatalities, it has made them predictable.

A flyover in Badarpur shows both halves of a concrete failure. On one side, flawed design and absent management turn it into a daily nightmare. The two-wheelers and auto-rickshaws that it bars ride on it anyway; this rule goes unenforced, even though toll-collection never misses. On the other, the project's blueprint was never followed. Promised underpasses for border-bound buses, walkways for pedestrians and last-mile links were left unbuilt. Half-dug pits beneath the flyover are now garbage dumps that mock the slogan of 'Swachh Bharat.'

The story goes beyond the National Capital Region. Bengaluru's Peenya flyover on a national highway was shut to heavy vehicles for nearly three years after its cables corroded, while an Ejjipura flyover due in 2019 remains only on paper.

National highways account for a little over 2% of India's total road length, but,

according to an IIT Delhi estimate, they see a third of all accidents and over a third of all road deaths. In 2024 alone, 52,609 people died on our national highways. These highways reportedly drew toll revenues of around ₹75,000 crore in 2025-26 and could cross the ₹1 trillion mark this fiscal year.

Road safety, though, seems like a lost cause. The failures are no secret. In 2024, India's minister of road transport and highways had said there was no justification for tolls collected for roads in poor condition and asked officials to be sensitive to the woes of road users. Yet, nothing seems to change.

A network that leaves about 180,000 Indians dead every year is an economic wound as much as a moral one. It is as if road planners and builders see exits where people live as fringe elements that deserve little urgency.

The remedy is not more concrete and asphalt, but a whole new

way of building and managing roads. Road construction is big business for contractors and the officials who clear their bills. The Comptroller and Auditor General has found inflated costs, falsified documents and funds diverted from escrow accounts; the Public Accounts Committee heard the chairman of the National Highways Authority of India admit design flaws that led to the collapse of new highway in Kerala.

The defects appear to multiply; we lay more kilometres than ever and regress in quality. Payment must follow performance, with money withheld and liability fixed whenever a faulty report or known defect results in lives lost.

Building, though, is only half the task, and we have abandoned the other half. We barely maintain what we build. Speed limits are set by inertia, so traffic often crawls at 30kmph on an open expressway. Speed signs should be dynamic, with traffic conditions

dictating upper limits within a safety range. Highway policing needs attention too. It has turned episodic and extractive, ready to wave through those who pay and fine those who cannot, while wrong-way driving and unfit vehicles run unchecked.

Clearly, we need a revolution in traffic management: automated, camera-based enforcement immune to cash, a designated officer accountable for every accident-prone spot, and no toll charges for a new road until an independent audit clears it.

We are told to drive safely, but no one can drive their way out of this. On a road built without thought, its rules unenforced and its traffic unmanaged, even a careful driver can turn reckless. The irony is that road users fund this network. Every toll collected is from one of us and so is every road-crash fatality. A developed India by 2047 cannot be built on roads that leave a trail of death. That would demand roads that are designed and built well, priced by their performance and governed by good sense. Traffic rules must be enforced as if lives depend on it, because they do. Anything less is not progress towards 2047. It is a nation paving its own road to ruin.

*These are the author's personal views.*

the hindu businessline.

FRIDAY - JUNE 19, 2026

## Hawkish Fed

Narrowing spread in bond yields, a concern for RBI

**T**he new Federal Reserve Chairman, Kevin Warsh, delivered a very brief and factual monetary policy statement, while retaining the federal funds rate in the range of 3.5 to 3.75 per cent. What is notable is the concern over inflation despite the preliminary deal between the US and Iran to end the war and the decline in global crude oil prices this week. Nearly half the Federal Reserve Board members are of the view that inflation will stay elevated and at least one 25 basis points rate hike will be required this calendar year to cool inflation. This is not without implications for India.



There was no mistaking the Chairman's strong emphasis on moving inflation towards the long-term target of 2 per cent and delivering price stability. With inflation in the US hovering around 4 per cent, the signals are unambiguous — that the rate-cutting cycle is complete, and policy rates could harden going forward. Financial markets have reacted adversely to the hawkish tone in the policy with the US treasury yields hardening and the dollar index strengthening above 100. With the European Central Bank increasing its policy rate by 25 basis points last week and the Bank of Japan raising rates to 31-year high of 1 per cent recently, the interest rate spreads between Indian government bonds and sovereign bonds of other countries is set to narrow further. If the rupee is impacted negatively due to these narrowing spreads, the RBI may have to act.

Meanwhile, the domestic motivations of the Fed are clear. The increase in energy prices and supply disruptions due to the West Asia crisis led to a further spike in prices since March. Personal consumption expenditure (PCE) price index, which is used by the Fed for its monetary policy decisions, moved to three-year high of 3.8 per cent in May. The summary of economic projections by Federal Reserve Board members and Federal Reserve Bank Presidents indicates that PCE inflation could be at 3.6 per cent in 2026, before moving lower to 2.3 per cent in 2027. The inflation estimate for this year has increased by 90 basis points compared to the projection made in March. With growth in the US expanding well, investments staying robust and employment gains at a comfortable level, the Fed can be expected to turn its attention to inflation.

An interesting aspect of Kevin Warsh's first monetary policy is the setting up of task forces to review and suggest changes in five areas which are critical for the conduct of monetary policy. These are — Federal Reserve's communications, balance sheet policy, use and reliance on existing data sources, productivity and jobs and Fed's inflation framework. If these result in sweeping changes in the Federal Reserve's policymaking process, it could spur changes elsewhere. Back home, the real-time data used for monetary policy decisions have rightly come under scrutiny. This impulse seems to have led to new indices and data sets for producer prices, industrial output and growth.

## POCKET

RAVIKANTH



MOHAMED A. EL-ERIAN

**S**unday's announcement of a memorandum of understanding between the United States and Iran is an important step forward. After months of open hostilities that have exacted a heavy toll — in both lives and livelihoods — and inflicted significant economic damage worldwide, the memorandum provides a much-needed foundation for diplomacy that could reverse the stagflationary spillovers of the war.

Since the war has complicated an already tricky outlook for most countries and companies, the announcement is understandably being celebrated. But as critical as it is, it's only a first step. A true return to global economic stability still depends on whether all the parties involved can move from a framework deal to a lasting agreement.

Of course, this uncertainty has not stopped global financial markets from reacting as though normal economic activity had already been restored. Expectations for a reopening of the Strait of Hormuz and a resumption of full-scale energy exports to international markets have triggered a sharp drop in global oil prices; and that, in turn, has boosted equity markets globally, as well as lowering borrowing costs.

Moreover, in the initial hours after the agreement's announcement, portions of the bond market revised down their assumptions about how aggressively central banks would need to hike interest rates, having inferred that the memorandum could lead to an easing of supply-side constraints fuelling inflation.

But lasting relief for the global economy will depend on how the US and Iran navigate the profound operational complexities that their agreement entails. For economists and a substantial segment of financial markets, it is too early to declare "all clear." The next few weeks will be dominated by a step-by-step evaluation of whether renewed diplomacy can survive contact with structural realities.

## CLARITY AWAITED

Specifically, further clarity is needed on four issues. First, can technical teams from both the US and Iran sort through what US Vice President JD Vance has described as "a lot" of yet-to-be-negotiated details? They must not only resolve current outstanding issues but also navigate the inevitable

## The US-Iran agreement is a first step

**RISKS AHEAD.** The path from a statement of diplomatic intent to a fully restored, non-inflationary energy supply chain is subject to political, technical, and physical risks



transition from the memorandum of understanding to constructive talks on the fundamental issues that caused the war — not least Iran's nuclear programme and the broader issue of regional security.

Second, international and regional actors' reaction could either solidify or sabotage the fragile peace. On one side are America's European and Middle East allies, who are eager to end the energy supply shock. They are hoping for a broader multilateral effort to ensure an enduring peace — a push that will likely be on full display at this week's G7 summit in France. But then there is Israel, which has continued to strike targets in Lebanon and has already signalled its refusal to withdraw from

the territory it has held since the start of the war. Third, the speed of normalisation will be critical for restoring global economic health. Reopening a chokepoint like the Strait of Hormuz is not as simple as flipping a switch. Adjusting shipping insurance rates, carrying out de-mining operations, and ramping up energy production all takes time.

Lastly, policymakers must carefully gauge the extent to which the war has left "economic scarring," on one hand, and built additional resilience, on the other. The ceasefire does not automatically reverse adverse effects such as the hit to global costs, some of which have yet to materialise (particularly in the food sector). But these shocks must be weighed against the resilience-building measures that countries and companies were forced to pursue — from establishing alternative energy supply chains that bypass current chokepoints to placing a heavier logistical emphasis on precautionary inventories.

## CAUTIOUS OUTLOOK

Most economists will refrain from declaring "all clear" as each of these issues could derail or prolong the process. A sense of caution will initially

dominate policymakers' approach, as will become clear in the commentary surrounding major central banks' policy meetings this week.

That includes the US Federal Reserve. It will welcome the ceasefire, but it is unlikely simply to assume that a preliminary framework agreement constitutes a complete, immediate reversion of the war's adverse impact on inflation. The Fed and other central banks will wait for tangible proof that the details are sorted out, that the Strait of Hormuz will remain open, and that production and shipping will in fact be restored.

While the recent announcement is certainly good news, it is not definitive. The path from a statement of diplomatic intent to a fully restored, non-inflationary energy supply chain is subject to political, technical, and physical risks. Indeed, the coming weeks will be about how quickly the US and Iran can overcome challenges to implementation. Until then, the global economy remains in a state of suspended hope, and not yet on a path toward definitive recovery.

The writer is Practice Professor at the Wharton School at the University of Pennsylvania, where he is also Senior Global Fellow at the Lauder Institute. Copyright: Project Syndicate, 2026

## FCNR (B) deposits — a counter perspective

Sections of the Indian diaspora in the US are facing an income squeeze, which may cloud the prospects of this scheme

Manas R Das

**B**anks are visibly euphoric about mobilization of FCNR (B) deposits following the RBI decision that it will bear the full hedging cost till September 30, 2026 for banks for raising fresh 3-5-year FCNR (B) deposits. The facility has spurred banks to offer higher rates for such deposits varying between 6 and 7.1 per cent.

At these rates, there could be arbitrage and leverage opportunities for FCNR (B) depositors, besides the opportunity to convert NR(E)RA deposits to FCNR (B) deposits.

But banks instead of being 'excessively exuberant', should be 'cautiously optimistic.'

Basically, two variables define the savings function: Income (Y) and Rate of Interest (r). Normally, both 'Y' and 'r' have positive influence on savings. Our 'main' argument is about the missing 'Y.'

The US is the topmost source of remittances to India, accounting for 27.7 per cent of India's total inward remittances (RBI Survey on Remittances, 2023-24). Further, the 'retail' Indian depositors constitute the major providers of FCNR (B) deposits in dollars.

The 'retail' Indian depositors in the US mainly comprise the H1-B workers, green card holders and OPT (Optional

Practical Training) interns. In Donald Trump's second stint, Indian workers have been pounded with various "executive" orders leading to layoffs, especially in technology companies where most of the Indians were employed.

Ultimately, several Indian workers left the US, and several others became unemployed or switched to lower-paid jobs. Some even had to pay \$100,000 to apply for H1-B visa.

Add to this the increased inflation in US which is now hovering at 5 per cent. Also the inflation endured by Indians in the US is higher than the general US inflation rate, as they buy their groceries from 'Indian stores' which import goods from India with higher tariffs, post-Trump presidency.

Thus, the Indian diaspora in the US is, at present, facing a severe income or budget constraint, affecting their credit ratings. In such 'uncertain' environment, the Indian diaspora would like to have cash or near-cash with themselves or in nearby banks, instead of investing them in India in 3-5 year deposits.

Statistical evidence of the 'Trump effect' on India's inward remittances from the US is crystal clear. During 2025-26, the outstanding FCNR (B) deposits (in dollar terms) grew by just 2.9 per cent as against 27.5 per cent during 2024-25 and 32.9 per cent in



BANKS. Deposits from diaspora

2023-24. Therefore, the question is: Will the 'income' effect overshadow the 'interest rate' effect? If so, then banks may have to focus on bulk FCNR (B) deposits from the rich or super-rich.

## OTHER ISSUES

(i) Euphoria incentivises window-dressing. NR(E)RA deposits (only) — not NRO — are convertible into FCNR (B) deposits. There is no problem so long as the depositors exercise this option. However, in order to achieve their targets, if banks 'trick' the NR(E)RA depositors into it, then, it will attract the 'mis-selling' tag. The central bank should monitor such events.

(ii) The RBI is also in the process of increasing the limits for investment by

NRIs and OCIs in equity instruments traded on the stock market without SEBI registration, with the same facility being extended to all individual Persons Resident Outside India at par with NRIs and OCIs.

(iii) Banks, while canvassing FCNR (B) deposits will have to reckon with this competition. Moreover, "without SEBI registration" should not become a bone of legal contention later.

(iv) Banks will have to tackle remittances through the so-called 'hawala' route which in such circumstances become very active.

(v) With the US-Iran peace deal on the anvil, the US and Indian stock markets have begun to brighten up. Therefore, FCNR (B) deposit mobilisation will also have to compete with stock markets, in which the latter will likely weigh more.

In such a situation, even the providers of bulk FCNR (B) deposits will be circumspect before committing funds for 3-5 years.

(vi) For new accounts, proper KYC documentation will be paramount against the backdrop of growing money laundering especially through mule accounts, cyber frauds and the like, in the domestic as well as international markets.

The writer is a former Assistant General Manager (Economist), SBI. Views expressed are personal

✉ **LETTERS TO EDITOR** Send your letters by email to [bleditor@thehindu.co.in](mailto:bleditor@thehindu.co.in) or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

## Telegram controversy

This refers to the Editorial 'Wrong message' (June 18). The government's decision to temporarily block access to the Telegram messaging app to protect the confidentiality of the NEET-UG re-examination paper is as startling as its previous one to use air force planes to transport the papers. Given that it will inconvenience over 150 million domestic app users, the decision appears disproportionate and excessive. It also betrays administrative incapacity to identify and eliminate examination mafias already active in the ecosystem. In today's technology age, a determined criminal can frustrate

the restriction by using alternate domains, much as cyberfraudsters use novel techniques to scam people. Instead of using a sledgehammer to crack a nut, a strong, real-time engagement between platforms and authorities on the issue would have worked better.

**Kamal Laddha**  
Bengaluru

Apropos of the Editorial 'Wrong message' (June 18), it was quite unfortunate the aspiring student community faced two major issues impacting their academic career — the NEET question paper leak and the CBSE online marking fiasco.

In both the cases, lethargy, absence of strict control, failure to follow Standard Operating Procedures were quite evident. Though the Ministry of Education and Minister in charge followed several damage control measures, it failed to bring up the confidence among the students and the parents community.

A complete shift of all entrance and other competitive exams to online mode would help to save the student community from such loopholes.

**RV Baskaran**  
Pune

## Curbing corporate fraud

With reference to the article

"Spotting financial jugglery" (June 18), the whistle blowing made by a single shareholder, that triggered the present state of regulatory investigation of financial irregularities in the listed company, is a significant step in investor inclusiveness of minority stakeholders to redflag instances of mismanagement.

As aptly pointed out, the financial awareness at the retail investor level is abysmally low and the review and approval of the audited statements, are primarily undertaken by institutional investors, who also blindly follow the due diligence certifications made by the auditors and directors of the company.

To prevent such incidents in future, listing guidelines of stock exchanges should mandate credible independent research and analysis of the balance sheet disclosures of high revenue companies by accredited institutions before submission to shareholders.

**Sitaram Popuri**  
Bengaluru

## Correction

In the article titled, 'Key takeaways from Kerala's White Paper' the line in the fourth paragraph should read, "...cash balances have repeatedly fallen below the minimum required level of ₹1.66 crore" and not as published. The error is regretted.

## Regulating tech platforms

RBI might be changing its perspective on the issue

Puneet Gupta  
Siddharth Shekhar Singh

One of the most consequential developments in Indian finance today is Reserve Bank of India's growing examination of whether large digital platforms, e-commerce ecosystems, and embedded payment intermediaries should come under more direct financial regulation. The RBI appears increasingly focused not simply on who owns a banking licence, but on who controls financial behaviour at scale. That is an important distinction.

India's digital economy has evolved far beyond the early phase of standalone fintech applications. A growing share of financial activity no longer originates within a bank branch or even within a traditional banking interface. Instead, it originates inside platforms that consumers use daily for shopping, communication, transportation, subscriptions, and business operations.

### ECONOMIC POWER

The regulated financial institution often remains in the background. The platform owns the customer relationship. This evolution has altered the distribution of economic power within the financial system. Historically, banks controlled deposits, underwriting, and transaction infrastructure. Today, platforms increasingly control user engagement, transaction flow, merchant access, behavioural data, and financial discovery. In many cases, the platform, not the bank, determines which payment methods consumers see, which financial products merchants access, and how economic interactions are orchestrated digitally. That level of influence inevitably attracts regulatory attention. The RBI's emerging posture mirrors a broader global trend. Regulators in the US and Europe have begun reassessing whether large technology ecosystems should remain outside prudential-style oversight simply because they are not banks in the traditional legal sense. Apple Pay, Google Pay, super-app ecosystems, and large embedded finance platforms are no longer viewed merely as software interfaces. Increasingly, they are seen as strategically important financial infrastructure.

The underlying concern is straightforward: systemic



**TRANSACTIONS.** A growing share originates in platforms

importance in the digital economy may arise from ecosystem control rather than balance-sheet size alone. This represents a major evolution in financial regulation.

In the industrial banking era, systemic risk came primarily from governance failure, cyber incident, or disruption at a dominant platform can affect millions of consumers and merchants simultaneously — even if the platform itself is not technically a bank. That changes the logic of supervision.

Ironically, this environment may strengthen traditional banks. For much of the past decade, incumbent financial institutions feared becoming commoditised infrastructure providers serving platform ecosystems that controlled customer engagement. But tighter oversight of platforms could rebalance that equation.

The RBI's evolving posture is likely to shape the next phase of global finance: the future regulatory perimeter will increasingly be defined by systemic influence rather than institutional labels. That transition carries profound implications. The most powerful companies in the digital economy are increasingly shaping economic behaviour itself. They influence how consumers transact, how merchants operate, how credit is distributed, how financial products are discovered, and how commercial ecosystems function digitally.

In many respects, platforms have become the new financial gateways. India now appears to be confronting this transition earlier than many expected.

Gupta is Professor, GIFT International FinTech Institute, and Singh is Professor of Marketing, Indian School of Business. Views are personal

# Courts, spectrum and the State

**NOT IN CONFLICT.** Two court decisions this year reveal both the source and the limits of sovereign power over spectrum



RAJASEKHAR VK

In February this year, the Supreme Court delivered its judgment in the *Aircel* matter. The Court held that spectrum remains a sovereign resource held by the State in trust for the public and that the Insolvency and Bankruptcy Code (IBC) cannot be used to treat spectrum as an asset available for resolution or liquidation merely because it appears as an intangible asset in a telecom company's books.

Four months later came the Bombay High Court's decision on the One-Time Spectrum Charge. There, the Court told the Government something very different. Whatever its powers over spectrum may be, those powers do not permit it to revisit concluded allocations years later and impose fresh financial burdens that were never part of the original bargain.

At first sight, the two decisions seem to pull in different directions. One emphasises sovereign control. The other emphasises the limits of sovereign power. But the apparent tension begins to dissolve when we ask a more basic question: what exactly was each court deciding?

The dispute before the Bombay High Court was about whether the government could retrospectively alter the financial terms on which spectrum had already been allocated. Telecom operators had been allotted spectrum. They paid the prescribed licence fees and built their businesses on the basis of those arrangements.

The controversy arose when the government sought to levy what came to be known as the One-Time Spectrum Charge. The charge was aimed at spectrum held beyond 6.2 MHz and was sought to be imposed retrospectively from 2008. It was founded on the view that operators holding spectrum beyond that threshold should pay an additional amount, calculated by reference to later-discovered market values and auction prices.

The operators challenged the demand. Their argument was simple. The original licence framework contained no such obligation. Spectrum had been allocated, consideration had been determined and the parties had acted on that basis for years. The government could not reopen a concluded arrangement and demand additional consideration long after the event.

The Bombay High Court's reasoning rested on a proposition that is fundamental to both public law and



**RESTRICTED POWER.** What a telecom operator receives is not ownership of the spectrum but a limited right to use it

commercial certainty. Even where the government acts in an area involving public resources, it cannot exercise its powers in a manner that is arbitrary, unpredictable or destructive of settled rights. A contractual arrangement cannot be transformed years later merely because the government has come to believe that a different bargain might have yielded greater revenue.

The judgment is therefore about the limits of executive power. The Court was not denying that spectrum is a valuable public resource. What is rejected was the notion that the sovereign character of the resource gave the government an unrestricted ability to rewrite the economic terms of a completed allocation.

### THE AIRCEL DECISION

The question before the Supreme Court in *Aircel* was not whether the government could alter the financial terms of an existing licence. Nor was it concerned with retrospective changes. The dispute arose out of insolvency proceedings and required the Court to examine the relationship between telecom regulation and the Insolvency and Bankruptcy Code.

A telecom company's most valuable asset is often its ability to provide telecom services. That ability, in turn,

**Sovereign control over spectrum survives, but that sovereignty does not confer an unrestricted power to revisit concluded bargains**

depends upon the spectrum assigned to it and the licences under which it operates. If those rights cannot survive insolvency, the value of the business may collapse and the prospects of a successful resolution may diminish significantly.

The Department of Telecommunications approached the matter differently. It argued that spectrum is not a commercial asset owned by the licensee. Spectrum is a natural resource held by the State in trust for the public. What a telecom operator receives is not ownership of the spectrum but a limited right to use it, subject to statutory and regulatory conditions. That right remains inseparably linked to the regulatory framework governing telecommunications.

The Court emphasised that spectrum does not cease to be a sovereign resource merely because it is used for commercial purposes. Nor does it become part of the insolvency estate simply because it is reflected as an intangible asset in the books of a telecom company. The rights of a telecom licensee are derived from, and remain subject to, the regulatory regime under which the licence was originally granted.

Viewed in that light, the Court concluded that the Insolvency and Bankruptcy Code cannot be used as a mechanism to compel the transfer of spectrum rights independently of the statutory framework governing telecommunications.

The existence of insolvency proceedings does not displace the Government's authority over the allocation and use of spectrum.

Spectrum is not merely an economic resource. It is a public resource. Any private right in relation to spectrum exists only within the limits defined by law and by the terms on which the State permits its use.

### THE COMMON THREAD

The two decisions together reveal both the source and the limits of sovereign power over spectrum. The significance of that distinction is particularly evident in the sovereign function argument that often surfaces in insolvency debates.

*Aircel* reaffirms that spectrum remains under governmental control and that a telecom operator acquires only a limited right to use it. The Bombay High Court, however, reminds us that sovereign control is not the same thing as unfettered discretion to alter the legal and economic incidents of a licence after rights have accrued and obligations have been performed.

The State may regulate, supervise and control the use of spectrum, but it must do so within the framework of rights and obligations that it has itself created.

Seen in that light, the two decisions are less in conflict than in conversation. One explains why the government possesses authority over spectrum. The other explains why that authority is not without limits.

Read together, they suggest that sovereign control over spectrum survives, but that sovereignty does not confer an unrestricted power to revisit concluded bargains. *Aircel* explains the source of that power. The Bombay High Court explains its limits.

The writer is a lawyer and former Judicial Member of the National Company Law Tribunal

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### TWENTY YEARS AGO TODAY.

June 19, 2006

#### States told to enact laws to promote petro hubs

The Government is mulling a slew of reform measures, including labour law flexibility and single-window clearances, for facilitating investments into the proposed big-ticket petro hubs called petroleum, chemicals and petrochemicals investment regions.

#### Online train reservation growth doubles

The Railways' initiative to sell tickets to passengers through the Web has caught on well. In May 2006, about 3.97 lakh passengers used the Net to book their tickets against 1.81 lakh in May 2005. The trend was reflected in 2005-06, with ticket sales through the IRCTC website registering over 100 per cent growth over the previous fiscal.

#### Shortage of pilots: AI to hire fresh graduates for training

In a bid to tide over the shortage of pilots, Air India will be shortly recruiting fresh science and engineering graduates to be trained as pilots. "The board of Air India has approved this, and we will shortly come out with a scheme," Mr V. Thulasidas, Chairman and Managing Director, Air India, said. These graduates will be trained at least for six months at flying institutes abroad.

## Trump will ask US companies to make missiles in Europe

Andrea Palasciano  
Samy Adghirni,  
Donato Paolo Mancini  
Josh Wingrove

President Donald Trump is planning on asking US defence companies to produce weapons under licence in Europe and Ukraine, according to officials familiar with the discussions. "They would like to be able to do it, we'll take a look at it," Trump told reporters on Wednesday when asked about the plans at the Group of Seven summit in Evian, France.

Ukraine needs air defence capabilities, in particular interceptor missiles to stop Russian ballistic missiles, which only the US can make. But with the US

having burned through stocks in Iran and the time required to boost production, Trump told allies he'd look into licensing possibilities, according to officials who spoke on the condition of anonymity.

"The specific licences in question will be discussed in detail among the participating countries," German Chancellor Friedrich Merz told reporters Wednesday. "This does indeed involve the granting of comprehensive licences by American companies to European manufacturers."

France's Emmanuel Macron confirmed that Trump "insisted on the mobilisation of the American defence industry and the capacity to supply such equipment." He was speaking at his



**GUARDED.** Licensing agreements REUTERS

closing news conference as G7 host.

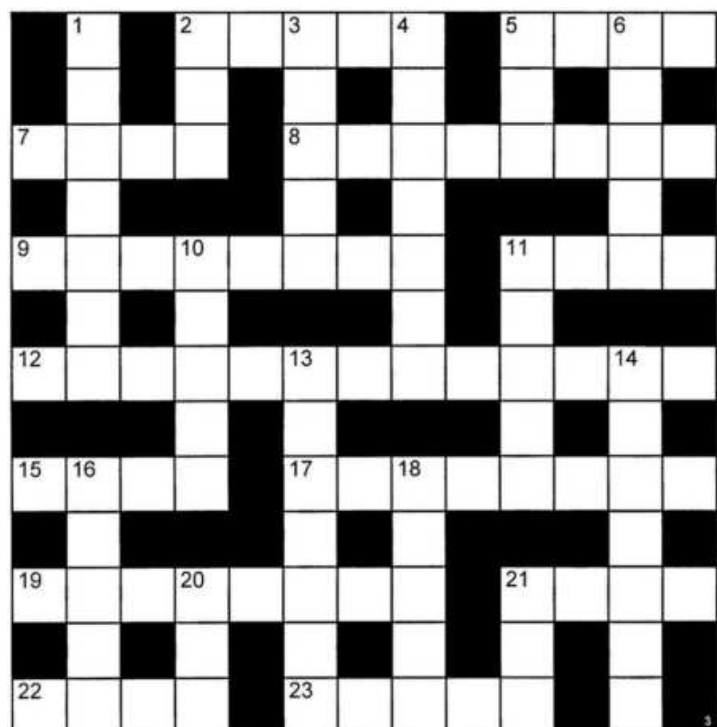
The US produces certain weapons under licence abroad, such as Patriot missiles in Germany, but generally guards its licensing agreements closely, due to intellectual property and supply chain concerns.

The US has continued to deliver air defence capabilities paid for by Europe and Canada through a NATO coordinated mechanism called PURL, despite concerns that the stocks may run low.

The G7 this week was considered a surprise success for Ukraine. Ukrainian President Volodymyr Zelenskyy met with Trump and a positive joint statement was signed by all allies, including the US. Trump even expressed willingness to increase sanctions on Moscow.

"We all face the problem that we are currently producing too little — and this can be offset by granting licences to companies that have the necessary production capacity," Merz said. "These include both European and Ukrainian companies." BLOOMBERG

## BL TWO-WAY CROSSWORD 2675



### EASY

#### ACROSS

- Bread, biscuit morsel (5)
- Grape-derived drink (4)
- Read superficially (4)
- They play together (8)
- Troubled, upset (8)
- Old huntsman's halloo (4)
- In similar unfavourable circumstances (2,3,4,4)
- Egyptian deity (4)
- The farthest removed (8)
- Shoes, boots, slippers etc (8)
- Superficial attractiveness (4)
- Spilled liquid (4)
- Public bath, hot bath (5)

#### DOWN

- Not within one's knowledge (7)
- Irregular projection on revolving shaft (3)
- Top part of shoe (5)
- Ennui (7)
- Be victorious (3)
- Toward the Arctic (5)
- Vertical drops containing fences (2-3)
- Wooden work-shoe (5)
- A glut (7)
- King David's favourite son (7)
- To mar (5)
- Cause to coalesce (5)
- Gratuity (3)
- Eucalyptus tree (3)

### NOT SO EASY

#### ACROSS

- A morsel of the soft part of bread (5)
- Drink we are about to have at home (4)
- Remove the top of the mask I must hold (4)
- A bit North and South about hesitation, or maybe East and West (8)
- Agitated by the one and the other deer that turns (8)
- A London district soon halved: oh, it will make a comeback (4)
- Like an eight find themselves sharing unfortunate experience (2,3,4,4)
- Is repeatedly seen in the Thames at Oxford (4)
- Not he least idea of it being the farthest away (8)
- Wrote of a change of boots (8)
- It doesn't sound innocent, this coat of gold (4)
- Propitiatory gift, about a litre of which will spill over (4)
- Article the Leathernecks take to be a heating unit (5)

#### DOWN

- The X factor, perhaps, one is stranger to (7)
- Projection on shaft turning up in machine (3)
- This the crust of first-class snobs (5)
- Tedium arising in a fashion to steal from one (7)
- Be successful in following Welsh leader (3)
- Direction given in Latin or Thai (5)
- Fences in ditches constructed by a Shah (2-3)
- Wooden shoe would take an age to damage the war effort (5)
- Too much of it to fit: sure needs altering (7)
- So a lamb was exchanged for a son of David (7)
- Plunder one found in 22 somehow (5)
- Blend in with Reg and me like this (5)
- A useful hint was to leave it under the plate (3)
- An adhesive that will hold teeth (3)

### SOLUTION: BL TWO-WAY CROSSWORD 2674

**ACROSS** 1. Scotland Yard 8. Marinade 9. Stem 11. Siege 12. Caution 13. Alto 15. Belt 19. Dominie 20. Extra 22. Reel 23. Kangaroo 24. Board of Trade  
**DOWN** 2. Carve 3. Tender 4. Antics 5. Astride 6. Demonstrator 7. Smash and grab 10. Bun 14. Tempera 16. Any 17. Behalf 18. Ledger 21. Tired

# INTERNATIONAL EDITORIALS



# Opinion

## ‘Trump has failed’: Writers dissect the Iran deal

Was the war worth it — and will the latest agreement even stick?

**David French**  
**Nicholas Kristof**  
**Megan K. Stack**  
**Stephen Stromberg**

*President Trump announced on Sunday that the United States and Iran had agreed on a memorandum to end hostilities. But many crucial details remain unclear or unresolved. Stephen Stromberg, an editor in Opinion, gathered the Opinion columnists David French and Nicholas Kristof and the Opinion contributing writer Megan K. Stack to discuss what the deal means for the United States, for Iran and for the global order.*

The text has been edited for clarity.

**STEPHEN STROMBERG:** The United States and Iran have observed a shaky cease-fire since April. The text of the new deal might not emerge until Friday, but we’re seeing different accounts of what’s in it. But — from what we do know — what’s significant about it?

**MEGAN K. STACK:** This is actually, finally, the cease-fire that has eluded us.

The outline apparently includes an end to the fighting between Israel and Hezbollah in Lebanon.

Judging from what Iranian officials and Vice President JD Vance have said, it appears that Iran might get some financial concessions, including “access” to a \$300 billion reconstruction fund, which Vance said would come from Gulf countries.

Also, an Iranian official told Reuters that Iran will agree not to produce or acquire nuclear weapons, will refrain from further uranium enrichment and will dilute its stockpile of enriched uranium. If true, that is a concession from Iran.

These could be the beginnings of a long-term deal. But closing it won’t be easy.

**NICHOLAS KRISTOF:** The good news is that the fighting may end or slow down across the region and that the Strait of Hormuz may open. But the memorandum hasn’t resolved the fundamental issues, from Iran’s nuclear program to sanctions relief on the country. I’m skeptical that a nuclear deal will actually emerge from this. And the fact that the Trump administration hasn’t released the text suggests that it prefers that people don’t see what it conceded.

**DAVID FRENCH:** It’s a relief to see an end to an illegal and unwise military conflict (if you’re new, it seems that Iran and the U.S. have solved the problem of both wanting to declare victory — by simply refusing to release the agreement. Both Iran and the Trump administration can fill the gaps in public knowledge with their own propaganda.

In the meantime, the public is left in the dark, with the sense that the warring parties reached a cease-fire deal that seems like little more than an agreement to agree on something, at some point in the future, and no one yet knows what that something will be.

**STROMBERG:** Let’s recall Trump’s stated war aims: regime change, weakening of the Iranian military, preventing Iran from getting a nuclear weapon. To what extent is he on track to achieve any of these?

**KRISTOF:** Trump has failed to achieve his war aims. No disputing that. We’re hoping to reopen the Strait as it was before Trump began the war, albeit with Iran talking about imposing fees on traffic. Inside Iran, we’ve increased the power of the Islamic Revolutionary Guards Corps hard-liners and replaced a somewhat cautious Supreme Leader Khamenei (Ali) with a possibly more aggressive Supreme Leader Khamenei (Mojtaba). Instead of helping the Iranian people, I fear we’ve abandoned them to suffer under an even more hard-line regime.

**STACK:** Trump has gravely miscalculated and is cutting his losses.

The short-term damage to Iran’s economy, military and infrastructure is real, not to mention the many civilians who’ve died in the bombings. But Iran did more damage to our military in Lebanon than most people thought was possible and fought us to a negotiated truce.

The major fighting might now end. But the International Atomic Energy Agency recently reported that Iran is now more likely to acquire a nuclear weapon than it was before the war. The people did not rise up. Enriched uranium is still in Iranian hands, albeit most likely buried under rubble.

**FRENCH:** There is no question that the United States and Israel inflicted considerable damage on Iran’s military, and it’s almost certain that their further degraded Iran’s nuclear program. But that damage can be repaired. Given the damage Iran inflicted in return, I wonder if Iran emerges from this conflict with a greater ability to deter the United States than we have to deter Iran.

This is one consequence of waging war without public support. We could have answered Iranian attacks, but that answer would have required far greater expenditures of blood and treasure than the American people would tolerate — especially since the Trump administration did virtually nothing to prepare the American people for war and for the sacrifices that war requires.

**STROMBERG:** David, you seem to be saying that, had Trump made the case for war to the public, he might have been able to do more. What would a well-planned and well-executed Iran operation have

required and, perhaps, achieved? **FRENCH:** I don’t want to mislead anyone — even the best-planned military operation to destroy Iran’s nuclear program and secure control of the Strait would have been difficult and costly.

A well-planned and well-executed operation would have looked like Operation Desert Storm in 1991 — ramping up diplomatic pressure with clear and unambiguous demands, securing allied assistance to share the military burden and maintain a united front against Iran and then using sufficient, overwhelming force (including, if necessary, ground troops) to

Trump administration relies on Iranian promises in any substantial way, then we’ll know the deal is inconsequential.

We’re in a much worse position than we were vis-à-vis Iraq after the first Gulf war, when we were able to secure an agreement that required Saddam Hussein to dismantle his weapons of mass destruction programs and to open his country to rigorous inspections, even if these inspections were later obstructed. I’ve seen no indications that Iran will agree to anything close to that.

**STACK:** I can’t imagine why Iran wouldn’t want a nuclear weapon at this point. Iran

**FRENCH:** I’ll be looking closely at American deployments. If we see the Navy redeploying and American planes heading home, then we’ll know (at least for the short term) that the Trump administration is expecting stability. If, instead, the United States keeps a large force aimed at Iran, then I’d expect more exchanges of fire.

Trump is mercurial. We might cycle through several more stages of almost-war and almost-peace.

**STROMBERG:** So if the deal falls apart... then what happens?

**KRISTOF:** I don’t think we’ll go back to



ILLUSTRATION BY THE NEW YORK TIMES SOURCE: PHOTOGRAPHS BY CHRIS GOSTON, SHUTTERSTOCK, ANSEL WOLF, JACQUES BARRON

secure victory only when diplomacy absolutely and unequivocally failed.

The impossibility of imagining public support for such a campaign shows that the president shouldn’t have dreamed of greenlighting the operation.

**KRISTOF:** I don’t think there was a path to war with Iran that would have succeeded or that would have won popular support. But Trump’s threats of war did seem to frighten Iranian leaders into offering meaningful concessions on the nuclear issue at the beginning of the year. That would have been the moment to strike a deal. Sometimes military force works best as a threat.

**STROMBERG:** What are the prospects for Iran’s nuclear program — the ostensible motivation for beginning the war? The agreement appears to call for neutralizing — in some way, at some time — Iran’s stockpile of nuclear material.

**KRISTOF:** My biggest fear is that the Iran war will accelerate Iran’s nuclear program rather than end it. The previous supreme leader pushed to develop the capacity to build nuclear weapons but not the weapons themselves — and the Revolutionary Guards Corps probably thinks that approach provoked the United States and Israel without providing a deterrent. I’m anxious to see that nobody messes with a nuclear-armed North Korea, and my fear is that the new supreme leader will pursue the North Korean path and rush for nuclear weapons at some point in the coming years.

I worry that the nuclear negotiations will stall in the coming months — partly because Trump won’t want to agree to any deal that doesn’t look better than President Barack Obama’s 2015 Iran nuclear deal, which Trump scrapped — and that Trump will lose interest just as he lost interest in Gaza, that we won’t get inspectors on the ground in Iran and that the Revolutionary Guards will make a big push for a few nuclear warheads, even rudimentary ones. This scenario would be a disaster, not least because it could lead Saudi Arabia, Turkey, Egypt and other countries to seek their own nuclear weapons.

**FRENCH:** I share Nick’s fears. We cannot trust any Iranian promises, and if we

have learned that treaties with the United States do not provide protection, because someone like Trump can be elected and scrap them, Iran offered historic concessions on its nuclear program in the days leading up to the start of this war, and even that didn’t prevent the country from suffering devastating bombardment. As Nick suggests, Iran can see what happened to itself, Libya and Iraq — and what has not happened to nuclear-armed North Korea. The record shows that obtaining a nuclear weapon provides the only meaningful protection. If the United States wants to discourage nuclear proliferation, we need to rethink our pattern of behavior.

**STROMBERG:** Is Sunday’s agreement stable? Israel will not party to the talks, and it could stress or break the deal by striking Hezbollah in Lebanon.

**STACK:** I desperately want to believe this war is ending. But Israel is not party to the talks, and it could stress or break the deal by striking Hezbollah in Lebanon — originally — or by continuing to pressure a large portion of southern Lebanon. Hezbollah — originally — is not party to the talks, and it could stress or break the deal by striking Hezbollah in Lebanon.

**KRISTOF:** Ending the war in Lebanon is very important to the Iranians, while Israel insists on remaining in southern Lebanon and preserving some freedom of action there. It’s hard for me to see the fighting in Lebanon ending fully — so there will be hard-liners in Iran who will push for backing out of the agreement. So much can go wrong, and that’s without even counting how difficult it would be to strike a deal on nuclear weapons in coming weeks.

full-scale fighting between the United States and Iran, at least before the midterm elections. But we might see more military action of some kind. Both Iran and the United States would probably like to keep the Strait open, so the hot war might dissolve into an ongoing cold war in which Iran tries to leverage its geography to impose fees on shipping, the United States protests that this is illegal, ship-owners are perpetually fearful and nothing serious gets done on a nuclear deal.

**FRENCH:** I agree with Nick. It’s obvious that Trump has a particular formula for military conflict — hit hard and fast with the expectation that the other side will yield rather than face the pain of American punishment. But the Iranian regime’s pain tolerance is extraordinarily high. It will expend the lives of its soldiers and civilians.

Trump was flummoxed when Plan A didn’t work, and his Plan B seems to be pretending that Plan A worked anyway.

**STACK:** Both Iran and the United States have reasons to get out of this war. But with global economic pressure rising and the United States extricating itself without making concessions — financial, concerning control of the Strait or on nuclear weapons — that will hurt Trump politically.

**STROMBERG:** Can anyone plausibly claim to have won this conflict?

**KRISTOF:** In any meaningful sense, everybody lost in this war — so many lives lost and so much unnecessary destruction.

But, Iran showed that with drones and even the threat of mines, it can scare ships into staying away and raise global oil prices.

There’s an analogy with the trade war that Trump started with China last year: China responded by ramping up controls on access to rare earth metals, and suddenly everyone realized how vulnerable they were and became less willing to challenge China. I think in the same way, the United States and Gulf countries alike will be less inclined to pick fights with Iran in the future, knowing that Tehran can shut down a good deal of shipping through

the Strait if it wants to. So from this war, Iran emerges with a powerful weapon and tool for deterrence, and in that sense it has come out ahead.

**FRENCH:** Based on what we know so far, there is one and only one way that Trump can plausibly declare any sort of partial victory in the war — if Iran actually does agree to the concrete, verifiable and permanent demolition of its nuclear program. Even then, Trump will have accomplished only one of his announced war aims.

In the absence of that, Iran will have prevailed. All of the considerable damage we inflicted on Iran during the war can be repaired. It can replenish and even expand its missile stocks, it can continue to support its terrorist proxy armies, and it can continue to repress its citizens. It can buy new ships or build a new navy that features swarms of drones.

And, at the same time, it will have established that it can close the Strait, and it will have shown that our military — as professional and powerful as it is — is more vulnerable than we might have believed. We are still learning about the damage to American bases, and the true extent of our losses in the air.

Think of it another way — war is often a contest of wills, and as Trump stopped his war before he achieved his objectives, we all know whose will prevailed.

**STACK:** Trump has shown the limits of American military power and proved that security guarantees and alliances with the United States are not worth that. He has punctured the idea of the United States as the one unassailable superpower.

But the war has been pretty good for Russia, which saw sanctions on its oil lifted and profited from sky-high energy prices while, at the same time, watching the United States run down its military supplies and undermine its international standing by waging a war of choice. It’s also been good for China geopolitically. As for Iran and the United States, both lost — but Iran lost less.

**DAVID FRENCH AND NICHOLAS KRISTOF are columnists in Opinion. MEGAN K. STACK is a contributing writer in Opinion. STEPHEN STROMBERG is an editor in Opinion.**



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## EDITORIALS

# Sidley Austin decamps for buzzier digs, but don't write off the Central Loop just yet

Developer Related Midwest and Sidley Austin, one of the city's largest law firms, announced plans this week for Sidley to anchor a new 45-story tower to be built in the West Loop, at 725 W. Randolph St.

Assuming Related can secure financing, this will be downtown Chicago's first new office building to begin construction in more than six years — an astonishingly long period of time that says volumes about how traumatic the pandemic and its aftermath have been for our central city.

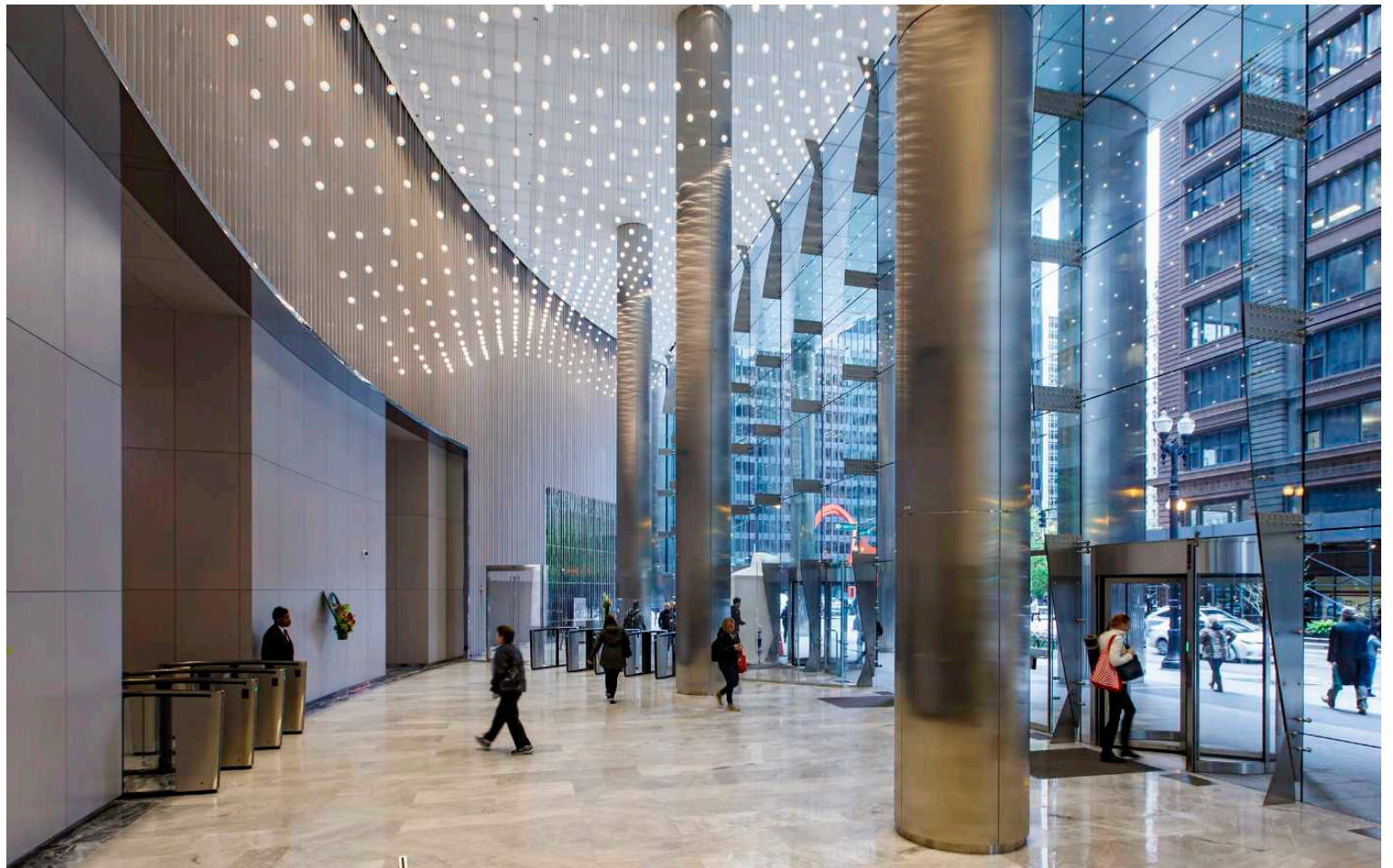
In moving west, Sidley will leave a tower built for the firm just two decades ago in the middle of the Loop. That 40-story building, at 1 S. Dearborn St., will be left more than half empty upon Sidley's departure in 2030.

That will deal another major blow to the Loop business district, following the departure of Citadel from its former headquarters and namesake tower at 131 S. Dearborn St. Citadel founder and CEO Ken Griffin, of course, famously moved the company's headquarters to Miami from Chicago in 2022 after criticizing city and state political leaders for not doing enough to reduce violent crime in the city. That former Citadel Center sold earlier this month to a company specializing in acquiring distressed properties. The price was \$137 million, just one-fourth of the \$560 million it fetched in 2006.

The remnants of Citadel in Chicago have relocated to a far smaller space in a building north of the Chicago River.

As much as the creation of another big hole to fill in a relatively new Loop building, the pain of Sidley's move will be felt in terms of noticeably less activity in the traditional heart of downtown. Sidley employs more than 1,500 at the Dearborn location, and they're required to be in the office four days a week.

In a few short years, those employees will join the lively scene in the West Loop. Few would describe the Loop itself in such terms during most of the workweek as it stands today.



The lobby at 131 S. Dearborn St., on May 21, 2019. **BRIAN CASSELLA/CHICAGO TRIBUNE**

But time marches on, as do market forces and the desires of corporate tenants.

Back in 2003, as Sidley's leaders were scouting locations for a new Chicago headquarters, they asked their employees where they wanted to work. The overwhelming response, according to Crain's Chicago Business, was to be close to state and federal courthouses and Loop restaurants and shopping.

Well, the courthouses are still there anyway.

Regarding the West Loop, Brian Fahrney, chair of the firm's executive committee, told the Tribune, "We like the proximity to the trains and vehicular traffic, and at the same time you've got world-class restaurants and hotels." He added, too, that "a lot of our talent lives over there."

In other words, that's where the action is. Lawyers needing to get to the courthouse can Uber or catch a cab.

To be clear, the well-established business, nightlife and residential scene in the West Loop and Fulton Market are nothing but positive for Chicago, and plans for any new addition to the city skyline are welcome. We are all for cranes in the sky, to use an informal metric of current choice.

And it's not as if the news is all bad in the Loop. The construction of Google's Midwest headquarters in the former Thompson Center will be complete next year. Financial data firm Morningstar, which is discussing leasing 300,000 square feet in the Thompson Center alongside Google, has stringent in-the-office requirements similar to those of Sidley, so

foot traffic in that part of the Loop could well feel like pre-pandemic times if that deal is completed.

JPMorgan Chase, the largest bank in Chicago, has undertaken an ambitious renovation of its 57-year-old tower in the Loop, just across Dearborn Street from Sidley Austin. Chase CEO Jamie Dimon is an ardent proponent of working in the office, and more than 7,000 bank employees are based in Chase Tower. The beginnings of post-COVID recovery are there.

We'd like to see more revival and repurposing of the Loop's existing office buildings similar to what Chase is doing. Even at a hefty discount, the purchase of the former Citadel Center is a good sign along those lines. Boston-based consultancy Bain & Co. already has signed for much of the space formerly occupied by Cita-

del, and Chase has stashed some of its workers at the old Citadel building via a short-term lease while the renovations are proceeding.

We're on the record in support of efforts to convert offices in Chicago's old financial district on LaSalle Street into residences and hotels and have wished those efforts would proceed more quickly.

But it's hard to imagine the Loop as a vibrant city core again without office workers. We've seen how the buzz of the West Loop helped lure Sidley just across the Kennedy Expressway (which we should have capped, by the way, when the Jane Byrne Interchange was rebuilt).

Activity begets activity. Let's hope Google and Chase's commitment to old-school downtown Chicago has a similar multiplier effect.

## Make no mistake, Chicago should be filled with World Cup fans right now

At the start of the Argentina versus Algeria FIFA World Cup game Tuesday, John Strong, the Fox match commentator, marveled at the sight of tens of thousands of South Americans celebrating in Missouri with Lionel Messi, global soccer's greatest star.

"Kansas City loves to call itself the 'Soccer Capital of America,'" Strong said. "That's not something we would have said 20 years ago. This is not a game we would have expected to see in this city 20 years ago."

You know why?

Twenty years ago that game at Arrowhead Stadium would have been at Soldier Field in Chicago. Where it belongs.

We don't blame our friends in Kansas City one bit for stepping into the breach. But it should never have opened up in the first place.

Indeed, for those who weren't around or have short memories, the World Cup opening ceremony was in Chicago 32 years ago; one of us editorial board members was there. That event, emceed by Oprah Winfrey with Diana Ross as a headliner, and the five following games (including a round-of-16 contest), represented a pivotal moment in the city's growth, especially as an international air destination.

Chicago, as you likely know, turned down FIFA's entreaties in 2018 during the Mayor Rahm Emanuel administration and walked away from the massive North American festival now unfolding to the enhancement of our rainy June. Emanuel, aware of the potential fallout for a potential presidential candidate, has been casting his decision as one of financial responsibility, given FIFA's contractual clause giving

the organization the right to demand a domed stadium at the city's expense, even though they said at the time that they never exercise the clause.

In fairness to Emanuel, we were not in those 2018 negotiations, and while soccer's governing body is not as notoriously corrupt as the International Olympic Committee, which famously strung Chicago along in 2007 even when the fix already was in, FIFA hardly is known for its spotless dealings, willingness to share control or overall generosity. Emanuel was right to worry about a fiscal downside. And the economic force of global soccer has grown exponentially since 2018; Emanuel could not have known that.

Still, we'd point out that of the 16 stadiums being used for the 2026 World Cup, 13 are open-air venues, including Arrowhead in Kansas City. Somehow, those 13

cities all managed to make a deal with big, bad FIFA. We did not see the construction of any emergency domes.

We should have made a deal, too. The prize was too rich to walk away angry from the table. And, frankly, had some renovation of Soldier Field gotten done as part of a World Cup negotiation, we might not now be talking about the Hammond Bears. But we digress.

Why was the World Cup prize so rich? You can see it playing out right now in this expanded soccer fest.

Tens of thousands of international tourists are staying in World Cup cities for numerous days. Wall-to-wall international media coverage is playing of fans enjoying Buc-ees truck stops and even the Fort Worth stockyards, for goodness sake, and of course the global perception is that all of

America's major cities are hosting games.

Indeed they are — Boston, New York, San Francisco, Houston, Dallas, Seattle — with the very prominent omission of America's third-largest city.

Instead of Wrigleyville, Division Street or the West Loop, local media coverage has Argentinians partying in the bar at the Marriott Hotel. Sad!

Imagine instead the joyous collision of the official opening of the Obama Presidential Center this week, replete with its lineup of celebrity performers from Bono to Stevie Wonder, with thousands of international soccer fans walking down the Magnificent Mile and spending money. Chicago would have felt like the center of the world. Just like it did in 1994. Just like it did when Barack Obama gave his victory speech in Grant Park in 2008.

### ON THIS DAY 51 YEARS AGO GRAND CHAMPION SPENDER

When it comes to excessive and unconscionable spending for the Illinois State Fair, the Walker administration has managed to outdo every previous administration in the fair's 122-year history.

An independent audit issued recently by Auditor General Robert Cronson shows that the 1974 State Fair had a record deficit of \$4.3 million.

That's about \$3 million or more than the fair has been costing in recent years.

It is more than double the 1960 deficit under the Ogilvie administration, which may have been the previous record.

Contrast this showing with that of the 1974 Iowa State Fair, which had a profit of \$143,000. The Iowa fair has had a deficit in fewer than six of the last 50

years, while the Illinois fair has had consistent annual losses of \$1 million or more for at least the last 25 years.

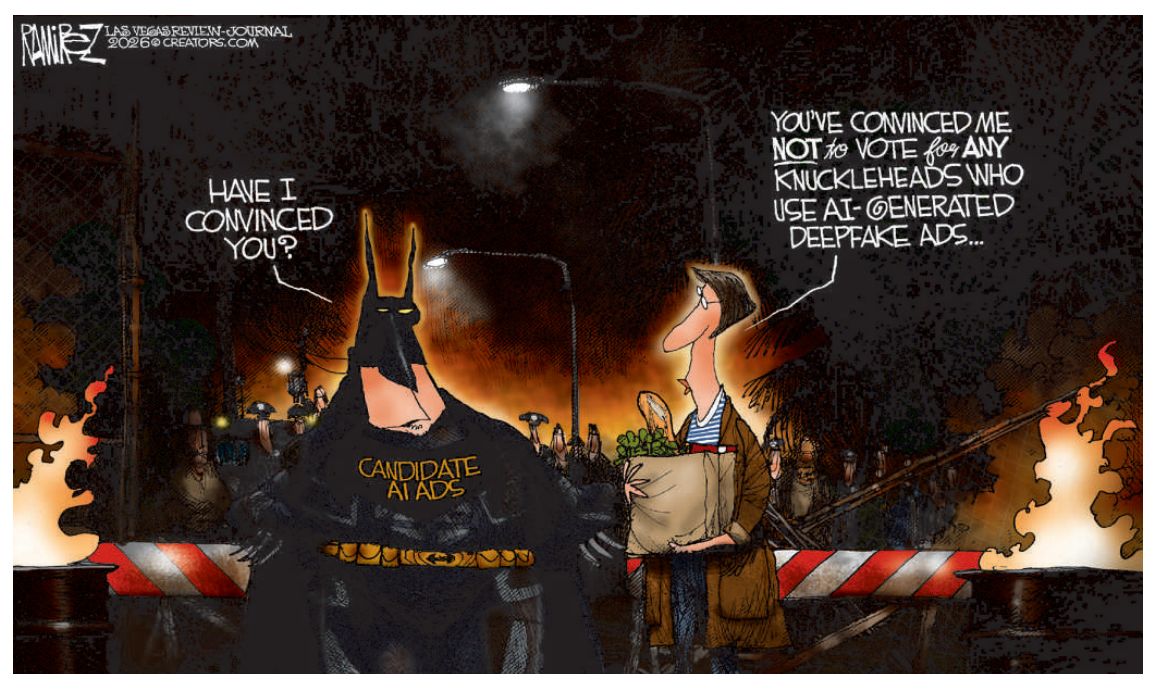
It is worth noting once again that the Iowa fair is managed by an independent board which keeps it free of political interference, while the Illinois fair is managed under the direction of the governor's office.

A bill to authorize an independent board to manage the Illinois fair is now before the state Senate, having passed the House.

But the bill is encountering stiff opposition from—you guessed it—Gov. Walker, the grand champion state fair spender of all time.

**Tribune editorial board,  
June 18, 1975**

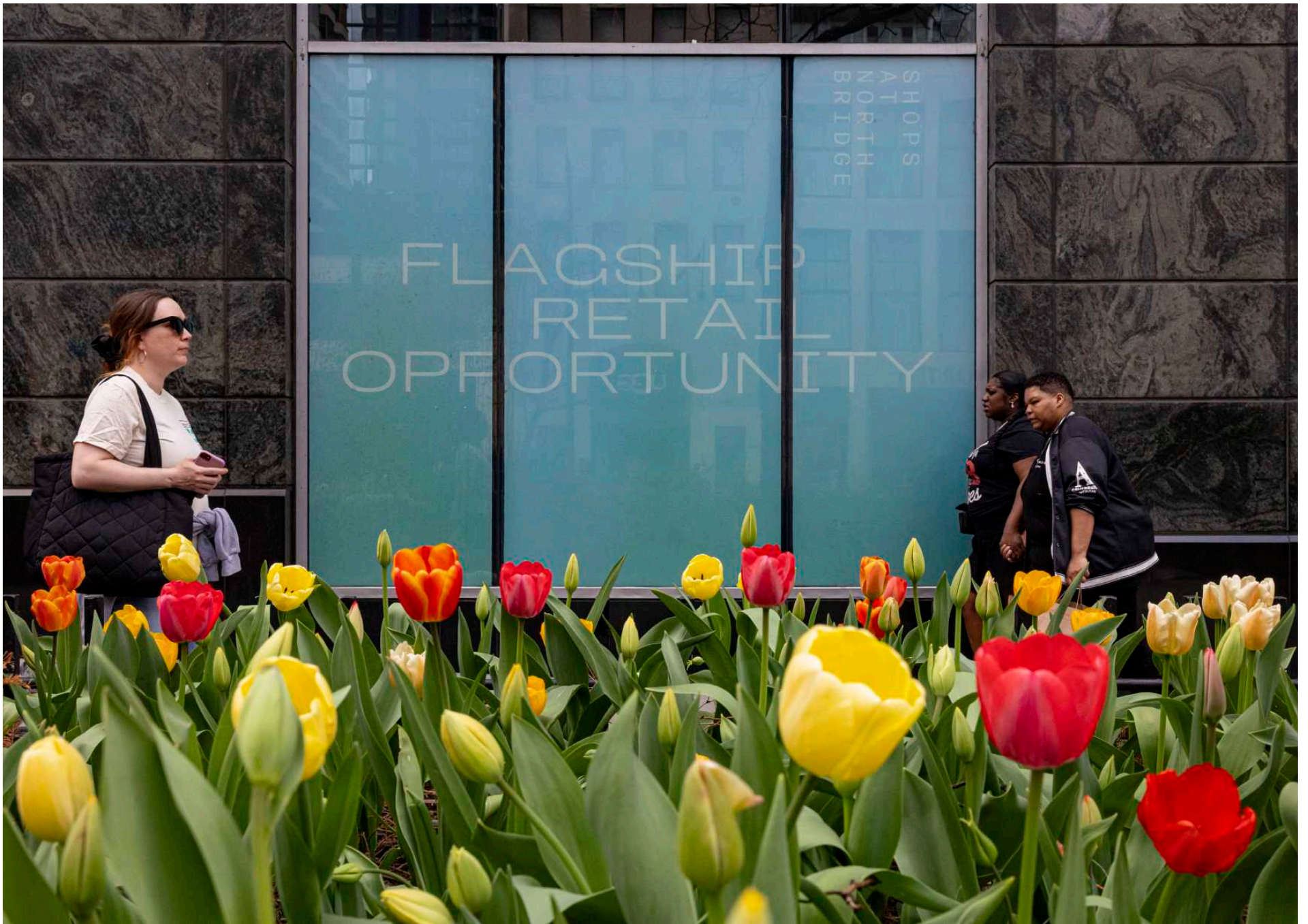
### EDITORIAL CARTOON



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## OPINION



A vacant storefront is advertised as tulips bloom along North Michigan Avenue on April 12 in downtown Chicago. BRIAN CASSELLA/CHICAGO TRIBUNE

# Chicago and Illinois show that where there is no vision and collaboration, people suffer



Willie Wilson

Have you walked down State Street or the Magnificent Mile lately? Once thriving corridors of economic activity, they now have many vacant storefronts. Does this reflect a city in decline, anti-business policies or failure of visionary leadership?

The Magnificent Mile saw a 51% drop in active business licenses from 2015 to 2024, the Illinois Policy Institute found. The overall number of businesses operating in Chicago dropped 17% during the same period, and this year, issuance of business licenses have declined almost every month. The loss of businesses has a negative impact on the city budget, families and public safety. It represents lost paychecks and stability. Declining revenues for the city will add to the tax burden of homeowners, residents and other businesses.

According to a WalletHub study this year on the best- and worst-run cities in America, Chicago ranked No. 144 out of 148. WalletHub compared the most populated cities across the key categories of financial stability,

education, health, safety, economy, infrastructure and pollution. Chicago ranked No. 116 on the economy, with an unemployment rate higher than the national average driving the poor standing.

“The best-run cities in America use their budgets most effectively to provide high-quality financial security, education, health, safety and transportation to their residents. Many of the top cities also have a very low amount of outstanding government debt per capita, which can prevent financial troubles in the future,” noted Chip Lupo, a WalletHub analyst.

Sixty percent of Chicagoans believe the city is moving in the wrong direction, as revealed by a poll of 1,230 Chicago adults conducted in November and December, by NORC at the University of Chicago. Mayor Brandon Johnson and city leaders should collaborate on a budget that addresses the city’s long-term fiscal health.

A wise person said: “If you find yourself in a hole, the first thing to do is stop digging.” There are common-sense ways to grow revenue without raising taxes.

Elected leaders could use entrepreneurship to balance the budget. They should cut red tape, taxes and high licensing costs and provide capital to help small businesses grow. There are states that are thriving because they are

lowering taxes, ensuring public safety, effectively educating children and growing their population.

In Florida, the state does not levy a personal income tax. The legislature just passed legislation to place a constitutional amendment on the November ballot that, if passed, would phase in massive increases in the home-stead exemption for primary residences. The ultimate goal is elimination of non-school property taxes over time.

Florida is considered one of the most business-friendly states in the U.S. The state corporate tax rate is just 5.5%. Compare that with Illinois’ corporate tax rate of 9.5%. Indiana has a corporate tax rate of 4.9%. Florida leaders are providing real relief for homeowners and residents using tax cuts.

Chicago’s high corporate tax rate and failure to address public safety concerns are causing businesses such as Walgreens to close stores in struggling neighborhoods. Walgreens has cited rampant retail theft, severe financial losses and persistent safety concerns for employees and customers as reasons for closing stores in Chicago. At the Chatham location, Walgreens says inventory loss from shoplifting reached \$1 million, representing 16% of the store’s total inventory. The theft has caused stores to lock product

in boxes and hire security personnel. Walgreens is actually closing around 1,200 unprofitable stores nationwide. I’m a senior citizen, and the impact of the closings on our seniors and members of other vulnerable populations who rely on Walgreens for healthcare is concerning.

Tennessee has one of the best-funded public pension plans. It has a 104% funded ratio. By contrast, Illinois has one of the lowest funded ratios, at 52%. In the city of Chicago, police and fire have the lowest funded ratio at 24.5%. Policymakers in Tennessee mandate full payment of actuarially determined contributions every year, manage conservative and diversified investments internally, and use hybrid retirement models to control costs.

Unlike Illinois and Chicago, where leaders after decades of underfunding use gimmicks to balance the budget.

The Obama Presidential Center, set to open later this week, will likely provide an economic boost for the city and state. If Chicago loses the Bears to northwest Indiana, it will cause hundreds of millions of dollars to be lost in hospitality, tourism and jobs.

The following are some suggestions to make Chicago one of the best-run cities:

- Johnson should cut corporate taxes, fees and permits.

- Johnson and the Illinois General Assembly should address pension debt through constitutional pension reforms — adjusting overly generous and unsustainable pension payments.

- City leaders should make investments in law enforcement, technology and jobs to ensure all neighborhoods are safe.

- Elected leaders should be honest with the citizens regarding the pension crisis.

- Aldermen should not support a budget that relies on borrowing, raiding tax increment financing funds and other gimmicks to pay for recurring operating costs.

- City and state leaders should incentivize federally qualified community health centers to co-locate in neighborhoods considered pharmacy deserts.

- City and state leaders should reinvent procurement offices to function as a financial tool.

The Bible declares in the Book of Proverbs: “Where there is no vision, the people perish.” The fates of Illinois and Chicago are economically and politically interconnected. We rise together.

I write this commentary to make those comfortable with promoting anti-business policies and tax increases uncomfortable.

*Willie Wilson is a business owner, philanthropist and former mayoral candidate.*

## Boutros and his office deserve recognition for commitment to addressing crime

By J.R. Davis  
SPECIAL TO THE TRIBUNE

For more than a century, the Chicago Crime Commission has evaluated crime trends, monitored the criminal justice system and supported efforts that improve public safety throughout the Chicago region. Since our founding in 1919, we have remained independent, nonpartisan and committed to one guiding principle: Results matter.

That principle applies equally to law enforcement agencies, prosecutors, elected officials and civic organizations. The public deserves institutions that are effective, accountable and focused on protecting communities from serious crime.

Viewed through that lens, the first year of Andrew Boutros’ tenure as U.S. attorney for the Northern District of Illinois merits recognition.

The Northern District is one of the most important federal jurisdictions in the nation. Its prosecutors are responsible for addressing a wide range of threats, including violent crime, organized criminal enterprises, drug trafficking, public corruption, financial fraud and offenses that can have far-reaching consequences for public safety and



Andrew Boutros, U.S. attorney for the Northern District of Illinois, announces federal domestic terrorism charges on Nov. 19, 2025, against Lawrence Reed for allegedly setting a 26-year-old woman on fire on a CTA Blue Line train. E. JASON WAMBSGANS/CHICAGO TRIBUNE

public trust.

By most objective measures, the office has become significantly more active under Boutros’ leadership. Federal prosecutors have pursued a substantial number of cases involving some of the region’s most serious criminal conduct. Just as importantly, the office appears focused on restoring a

culture of proactive enforcement and accountability.

That progress should not come as a surprise. Before entering private practice, Boutros spent years as an assistant U.S. attorney in the Northern District. He understands the office, its mission and the standards that historically earned it a reputation as one of the premier prosecuto-

rial offices in the country.

Public service often requires sacrifice. It is worth noting that Boutros left a successful private-sector career to return to government service. Regardless of political affiliation or ideology, that decision reflects a commitment to public duty that deserves respect.

At the same time, no institution is immune to mistakes. Effective leadership is not measured by the absence of problems, but by how problems are addressed when they arise. When concerns emerged regarding grand jury practices in a recent case, the office moved to dismiss the affected indictments and implemented reforms designed to strengthen oversight and prevent similar issues in the future.

For organizations charged with protecting the public, transparency and corrective action are essential. Those steps should be viewed as evidence that accountability remains a priority.

The Chicago Crime Commission’s responsibility is not to engage in political debates or weigh in on every controversy. Our focus is on whether public safety institutions are effectively carrying out their missions and whether they are making meaningful progress against the crimes

that pose the greatest threat to our communities.

From that perspective, the broader picture is encouraging. The Northern District is actively pursuing significant criminal cases, addressing complex threats and demonstrating renewed energy in the enforcement of federal law.

The challenges facing the Chicago region remain substantial. Violent crime, organized criminal activity, public corruption and sophisticated fraud schemes continue to demand vigilance and resources. Success will require cooperation among federal, state and local agencies, along with sustained public confidence in the institutions responsible for enforcing the law.

The work is far from finished. But strong leadership, a commitment to accountability and a focus on results are important foundations for progress. Those are qualities that deserve recognition wherever they are found.

*J.R. Davis is chairman of the Chicago Crime Commission, which represents the Chicago business community’s commitment to reducing crime and combating public corruption. It partners with law enforcement agencies to advance public safety.*

## OPINION



State Sen. Barack Obama D-Chicago laughs at a homemade shirt with a picture of him and Marjorie Devore, of Clinton, the shirt wearer, during his State Fair kickoff party in Springfield on Aug. 17, 2004. **MICHAEL TERCHA/CHICAGO TRIBUNE**

# VOICE OF THE PEOPLE

*Editor's note: We asked you to share your memories of former President Barack Obama as the Obama Presidential Center is set to open to the public on Friday. Here are the remainder of your letters.*

### Thin crowd in Lake County

When then-Illinois Sen. Barack Obama started his campaign for U.S. Senate, very few knew him outside of Chicago, and very few could pronounce his name. There was a campaign stop scheduled in Lake County to rally the clergy, particular the Black ministers in the area. I knew that Obama was elected the first Black president of the Harvard Law Review, and I was always impressed by that. I was a practicing attorney at the time and told a young man I was mentoring who wanted to go to law school that I thought he should meet Obama.

Very few Black ministers showed up, probably because they did not know that much about him. I felt a little embarrassed about the turnout and decided that my mentee and I should escort Obama out of the building. As we were walking Obama to his car, he said, "That was pretty good, wasn't it?" To boost his spirits, we told him that it was a good start and that everything would get better.

Obama came by himself, and before he drove away, we had a nice conversation about Lake County. He said he didn't realize how long a drive it was from Chicago. We talked about a few other mundane things. He was very relaxed and friendly. We waved goodbye as he drove away.

To this day, my mentee says that no one believes this story. He sometimes calls me so I can vouch for him. We always marvel about that day and how amazing the trajectory of one's life can be.

— *Marian McElroy, North Chicago*

### Battling for a loose ball

I was chosen to be part of a group of President Barack Obama's friends and associates to play basketball soon after his first term. I submitted personal information for the background check and hoped that I hadn't forgotten any needed details. The Friday before the Sunday morning pickup games, I got a call that I was cleared to play and should show up promptly at 9:30.

We were warming up in the gym, and around 9:45, Obama entered the gym. I was completely awestruck by his presence. He greeted everyone, and I was the last person he met. There were 40 of us split up into predetermined teams.

We played his team in the first game, and there was a loose ball. I went down to secure the ball and realized I was wrestling to get the ball with the president of the United States! I'm a competitive person and decided that I would take a chance. I don't remember who got the ball, and neither of us got hurt. He had an important bill to sign on Tuesday, and if he had injured his hand in the scum, it would've been because of me.

This experience confirmed everything I felt about his character, and something as little as getting a loose ball mattered. I live four blocks from the Obama Presidential Center and have seen every phase of the construction.

As displayed on the fencing, the entire campus tells a story of a "home for inspiration."

— *Michael Moses, Chicago*

### Concern for next generation

My sincere thoughts about former President Barack Obama abound. During several

limited interactions with him while I served as vice chancellor for student affairs at the University of Illinois Chicago, I found him to be kind, caring, engaging, charismatic and informed. His concern for the next generation of leaders was evident as he visited our campus on numerous occasions.

Through state legislation, he ensured our TRIO students — TRIO is a federally funded support program — had a computer laboratory, and as a state senator, he visited the campus to meet with students receiving financial aid to understand more fully their needs.

Some of us at UIC decided we had a special connection to Obama when he chose to have his first big rally at Credit Union 1 Arena, formerly the UIC Pavilion, one day after he announced his candidacy for the presidency. I was honored to be one of the UIC representatives to greet him upon his arrival. The broad smile and hug I received, his riveting speech and his ability to quiet a few hecklers were memorable.

Lastly, attending both Obama inaugurations and visiting the Obama White House were highlights for me that were made possible because "he came, he saw and he conquered."

— *Barbara Henley, Chicago*

### Chat with Obama in backyard

In 1996, our good friends and neighbors Gail and Rick Rosseau invited my husband and me to a gathering in their yard to meet Barack Obama. None of us had heard of him, but since our friends asked us to come, we went. He was going to run for the state Senate. Obama was very engaging and answered all of our questions. He was elected to the Senate, then elected as U.S. senator, and of course ran for president and won, not just one but two terms.

In 2012, a commercial for Obama's second term was filmed at Peterson's Ice Cream parlor in Oak Park. I was there and got to be in the commercial. Also, a group of us enjoyed a lunch in the city where we got to meet Michelle Obama.

We are looking forward to visiting the Obama Presidential Center.

— *Diane Daly, River Forest*

### A packed opera house

Shortly after his 2004 election to the U.S. Senate, Barack Obama accepted the invitation of his Springfield colleagues Pamela Althoff and Jack Franks to hold a town hall meeting in the historic Woodstock Opera House. To ensure that there would be no empty seats, our city manager encouraged Woodstock staff to attend.

Not to worry. People were waiting when the doors opened, and there were lines down the block and around the corner. It seemed as though most of Woodstock and McHenry County wanted to see and hear their soon-to-be new U.S. senator. The 400-plus seats in the opera house auditorium filled quickly, and it was standing room only in the community room on the lower level. People who could not squeeze inside stood on the steps and sidewalk hoping to catch a glimpse of the senator.

During the town hall, Obama and his words were filled with enthusiasm and promise. We couldn't wait to see what he would do.

As a city staffer, I attended with my husband who had often commented that he had always wanted to see a U.S. president in person. As we left the opera house,

I turned to my husband and said, "I think you have just seen a future president!"

Now, I can't wait to see the new Obama Presidential Center in person.

— *Jane Koehler, Woodstock*

### Golden ticket to celebration

I will never forget receiving my golden ticket in the mail. It was my invitation to Barack Obama's Grant Park election night celebration. There was just one problem. I was an election judge.

When you work the polls, you're expected to stay until all work is completed, which can be very late at night. That would have necessitated missing the celebration.

That was a dilemma. I did not want to go back on my agreement to work, so when I arrived to set up, I asked the other election judges how they felt about me leaving early. All of them agreed that it was an opportunity that shouldn't be missed and that they would be willing to do extra work so that I could attend.

When the doors opened the next morning, there was a line of people around the block eagerly waiting to vote. The heavy and happy turnout continued all day. That meant more work at the end, but the other election judges still encouraged me to leave and not miss this historic opportunity.

It felt wonderful as I emerged from the subway and walked to the park. There were many vendors selling T-shirts they had created to celebrate the occasion. I still have one that was particularly artistic and treasure it. There was a party atmosphere. People were joyful. The crowd was huge, and I am very short, but before the Obama family entered, someone nearby who was tall offered to take a photo of them for me. I trusted him with my cell phone, and I left with more than simply pictures of the back of people's heads.

That evening, it felt as if America had turned a corner. That we had conquered prejudice. That the future of our country was bright.

How disappointing that that feeling has changed so drastically. I hope that the Obama Presidential Center will reawaken some of that feeling of positivity and hope.

— *Joyce Porter, Oak Park*

### Working at campaign HQ

I volunteered to work at Barack Obama's campaign headquarters at the Prudential Building in Chicago the day after I retired from teaching in 2012. I was excited to be part of the history and politics that I had been teaching to high school students for almost four decades.

Most of the work was routine — answering voters' questions about the election and taking donations. Once in a while, I was able to answer policy questions, and that was more interesting. And we would get the occasional nasty caller, but that was no big deal. I was used to teens' nasty comments for decades.

We had police present in case we would get some serious threats. This never happened.

But one Sunday morning, about two weeks before Election Day, we received calls from people who were from the same church in a small Ohio town. Ohio was a swing state at the time, so we wanted to reply carefully to these callers. The message from them was the same: "Obama is using federal tax dollars to pay for abortions by using the Medicaid program."

I gave my caller a short history lesson about the 1977 Hyde Amendment, which bans federal tax money from paying for abortions in all 50 states. One of my fellow volunteers suggested that we talk to campaign adviser David Axelrod about this. I told him about these calls. He said that he would get his "Catholic liaison" in Ohio on it right away. I did not know campaigns had such liaisons.

I was very happy on election night when Ohio went for Obama. I was proud to work on his campaign. It was an experience I will never forget.

— *Jan Goldberg, Riverside*

### Roselle parade a revelation

More than 20 years ago at the annual Rose Parade in Roselle, Illinois, I saw Barack Obama and his family appear in our parade. There they were, him walking with his daughter Malia beside Michelle who was holding their younger daughter while riding in an antique car. I was so excited I could barely control myself while all around me no one seemed to recognize this wonderful family.

That would soon change, though, in what was at the time a very Republican DuPage County. I'm not quite sure what office he was running for, but I knew at the time he had a very bright future in store.

How far they've come.  
— *Diane Lauk, Medinah*

### Empowered by leadership

On the morning of Nov. 5, 2008, my Ethiopian immigrant friend's U.S.-born 10-year-old son joyfully crowed, "I could become president!" upon learning Barack Obama had been elected president. He'd been captivated by Obama's campaign message of hope, unity and collective action and his "Yes, we can!" rallying cry.

As a high school student, this young man helped bring about the inaugural observance of Black History Month at his school. Attending college during the Black Lives Matter protests, this audacious young man sent letters to his friends and family, encouraging us to become allies in the fight for equality and justice.

On the morning of Nov. 9, 2016, upon hearing Donald Trump had been elected president, this young man's 10-year-old younger brother rubbed tears and sleep from his eyes and lamented, "Tell me I'm still sleeping and this is just a bad dream."

Obama imbued in both of these young men and their family strength and confidence, helping them intrepidly navigate through some difficult times. The older brother is now a highly regarded critical care cardiac nurse, and his younger brother is loving playing basketball with friends more than studying at his community college but will certainly figure out his path in life. And their parents are now naturalized citizens, homeowners and successful at their jobs.

The entire family thrives with their "Yes, we can" attitude, empowered and motivated by the leadership of Obama, former first lady Michelle Obama and their faith in a hopeful future.

— *Jane Cox, Wheaton*

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## OPINION

## Please, No More New Deals



UNRULY REPUBLIC  
By Barton Swaim

A common lament among liberals, and among some conservatives, holds that America no longer has the capacity to take on big, national problems in a collective effort. Discounting wars, many of which also fail to unite citizenry, vast social and economic calamities don't admit of any solution on which majorities of Americans agree. The names of recent legislative failures—the Green New Deal, Build Back Better—reflect a longing for 1933.

Hence the strange desire for bold action to forestall a crisis that hasn't happened: the supposedly coming economic disruption caused by artificial intelligence. Sen. Bernie Sanders (I, Vt.) wants the federal government to seize a 50% stake in AI companies. Sen. Josh Hawley (R., Mo.) uses abrasively religious language to express his preferred course of regulating AI companies into insignificance.

Gov. Gavin Newsom intends to prepare California for the thus-far-nonexistent cataclysm by a litany of familiar efforts: new job-training programs, expansions of unemployment and other forms of insurance. Trumpeting the plan, Mr. Newsom spoke of “villains” and “the monopolization of capital” as if he were making a pitch for the Works Progress Administration. We should be “talking, as FDR talked in 1944, about a ‘new social compact,’” he said.

I assume Mr. Newsom meant 1932, when Roosevelt, at the Commonwealth Club in San Francisco, spoke of the need to “recognize the new terms of the old social contract”—a phrase reminding us that FDR, unlike his ideological descendants, still attached some value to the old contract.

The 1929 crash's coming centenary will allow us to revisit the idea, considered gospel by history textbooks and most economists, that the New Deal saved America from the Depression. A better explanation: Herbert Hoover's hyperactive efforts to stop businesses from doing the normal thing during downturns—cutting outlays—together with Roosevelt's policy of flooding the economy with public spending, turned a recession into the Depression forever known as Great.

Leave that debate aside and examine the premise of the complaint that we don't do all-encompassing collective efforts anymore. Maybe we don't do them because they generate more ruin and folly than good.

The one great exception to that rule—the abolition of racial discrimination in 1964-65—involved the dismantling of state power more than its imposition. The War on Poverty, launched at the same time, succeeded in boosting the unearned income of the poor, but at the cost of making welfare dependency and its ill effects permanent features of American life. Six decades later, taxpayers spend well over \$1 trillion a year to prosecute this metaphorical war. As John Early,

Robert Ekelund and Phil Gramm showed peremptorily in “The Myth of Inequality” (2022), average real income in the bottom fifth of earners grew by 681% from 1967 to 2017 when you include government benefits. Yet nobody claims the War on Poverty succeeded or that the poor have escaped immiseration. A well-meaning attempt to mitigate suffering by collective effort instead perpetuated it.

### Politicians who want to save us from the AI disruption should try doing nothing.

More recent salvific efforts also flopped. The 2009 “stimulus” bill—the most sweeping economic package in U.S. history,” as President Obama called it—sent \$825 billion sluicing through the economy in an effort to stave off recession and bring down jobless claims. The country moved out of recession, technically defined, and into a long era of anemic growth and stubbornly high unemployment. Later attempts to vindicate the 2009 stimulus almost always involve the conveniently unfalsifiable claim that the economy would have deteriorated further without it.

As for the most recent catastrophe, the 2020-21 pandemic, you have to search hard for robust defenses of lockdowns, school closures and blowout spending.

So ponder the virtues of doing nothing or of doing little. We tried that, as I learned

recently from James Grant's “The Forgotten Depression” (2014), a little more than a century ago. The crash of 1920-21 inflicted as much initial pain as the one in 1929. Automobile production fell by 23%, manufacturing wages by 22%. Farm income fell by half. But you've never heard of this depression because neglect cured it.

Woodrow Wilson lay terminally bedridden when the crash began. Warren Harding, who took office in March 1921, barely mentioned the dire economic situation in his inauguration address. Hoover, ever in search of problems to solve, was only the commerce secretary, and the president paid little attention to him. The Federal Reserve, which had existed since 1913, had no remit to stabilize prices or boost employment. The government made no effort to stop companies from reducing wages and laying off workers.

And, almost as quickly as it started, the slump passed into memory. The American economy boomed in 1922. And in '23 and '24. Who knows what might have happened if an ordinary pol like Harding, rather than the zealous brainiac Hoover, had been president in 1929.

In 1921, political leaders and ordinary Americans didn't assume the occurrence of a bad thing was enough to justify aggressive state interference. Recessions and depressions, though painful, rid economies of inefficiencies and afford them resilience against foreign competition. If AI causes economic upheaval, inaction has its virtues.

BOOKSHELF | By Joel Millman

## Waking Up From a Nightmare

### Summer of Freedom

By Oliver Hilmes  
Other Press, 272 pages, \$29

Picture this: Summer 1945. Polish-born Shmuel Vilder arrives in Bad Homburg shortly after Germany's unconditional surrender. Vilder, once a rising star in German cinema, is now known in Hollywood as Billy Wilder, the celebrated director and screenwriter of such films as “Ninotchka” (1939), “Double Indemnity” (1944) and “The Lost Weekend” (1945).

In Germany to supervise filmmaking for the Information Control Division—the U.S. Army's propaganda command—Wilder starts by tackling the director's cut of a documentary called “The Death Mills.” Shot by Hanuš Burger, the film was intended to reveal the atrocities of the concentration camps, including Bergen-Belsen, which had been liberated weeks before.

Despite losing members of his own extended family to Nazi death mills, Wilder scraps practically all of Burger's historic footage, including one horrifying shot Wilder would later describe as “a whole landscape of corpses.” Burger, distraught, begs to restore his film. Wilder waves him off.

“Films have to entertain,” he says. Audiences “only want to experience the bare minimum of the horror stories.”

In the editing room Wilder's instructions are equally terse. “Shock them—jerk some tear ducts—then shock again,” he tells one underling. “Then at the end give them some reassurance that something like this can't happen again.”

The anecdote neatly captures the essence of Oliver Hilmes's “Summer of Freedom: How 1945 Changed the World,” originally

published in German in 2025 and now available in Jefferson Chase's excellent English translation. That essence: Shock readers with real horrors, describe Germany's postwar recovery, then add just enough detail to evoke a “reassurance” that such horrors can't happen again.

Here common folk bear witness. Marta Hillers, the author of the notorious memoir “Eine Frau in Berlin” (“A Woman in Berlin,” originally published in 1954) and whose identity remained a secret until after her death in 2001, comes alive in Mr. Hilmes's book, forcing the reader to bear witness as Soviet soldiers attack and rape her. John Dolibois, a Luxembourg émigré who returned to Europe as a translator for the prosecution during the Nuremberg trials, describes Hermann Göring's surrender: The reichsmarschall fumed that “he had been ‘misled’ by the American officers to whom he had surrendered ‘voluntarily,’” thinking that “he was going to a palatial spa and would be treated royally.” A diary kept by Maj. Norman Whittaker recalls, in throat-clutching detail, Heinrich Himmler's rendezvous with a cyanide capsule.

Those voices are joined by a chorus of U.S. GIs, Red Army soldiers, German POWs and others, their inclusion meant to explain the inexplicable—namely, how anyone sane could, over a few summer months in 1945, absorb a decade's worth of horrors inflicted upon Europe while summoning both the will and the means to help the Continent rebuild.

“Summer of Freedom” is mostly social history, paying close attention to the unraveling alliance of the wartime Allies, whose diplomacy morphs quickly from solidarity against fascism into bitter Cold War rivalries.

In some respects, the attention may be too close. The details of Stalin's failure to mount a horse in Red Square or Churchill's comments about Clement Attlee reveal legendary Allied figures behaving not so legendarily. Gory details of Tokyo's military leaders performing hara-kiri, or ritual suicide, in defiance of their emperor's surrender feel excessive.

### The Nazi surrender brought a new challenge: absorbing a decade's worth of horrors while summoning the will to help Europe rebuild.

“Summer of Freedom” is a follow-up to Mr. Hilmes's 2016 work, “Berlin 1936: Fascism, Fear, and Triumph Set Against Hitler's Olympic Games,” which unfolds over the 16 days when Nazi Germany introduced (and obscured) Hitler's revolutionary regime before an international audience. Both books anchor their narratives around celebrities of their respective eras and make ample and illuminating use of diaries and correspondences—frequently between world leaders but also by soldiers, slave laborers, crime victims and nightclub denizens. Where “Berlin 1936” tracks the count of Olympic medals to measure the tide of German triumph, “Summer of Freedom” offers more striking data to capture a defeated Germany's return from the abyss. “Berliners are getting married again,” Mr. Hilmes writes at one point. “While only 873 couples tied the knot in April 1945, including Adolf and Eva Hitler, née Braun, that number rises to 2,710 by June.”

Later Mr. Hilmes notes that “the number of suicides in Berlin continues to fall. While 3,881 men and women committed suicide in April, the figure was 977 in May, 367 in June, 340 in July and 263 in August. In September, 196 people voluntarily ended their lives.”

“Summer of Freedom” is one of those rare books a reader may wish were longer. Parts of the narrative feel incomplete. Meanwhile, we could do without descriptions of Harry Truman's attire at Potsdam or what Kurt Weill wrote to Lotte Lenya on V-E Day—a dozen years after the couple fled Europe for show-business success in America. And what's with Douglas MacArthur's walk-on just before the final curtain? Here we read of “a dashing figure, whose trademarks include a field marshal's cap, gold-rimmed sunglasses like those worn by movie stars and his signature corncob pipe.”

Instead, I longed to learn more about the displaced concentration-camp survivors, the Soviet officers, and what appears to have been a cabal of cannibals trafficking in human flesh amid Berlin's rubble. Mr. Hilmes's footnotes indicate that these and other postwar criminals are well documented in police records. So why can't we learn more about them?

“Berlin 1936” similarly deployed seemingly random vignettes featuring fascinating characters to weave a tapestry of life in the prewar capital. There, Mr. Hilmes took care to come back to those characters to relate what happened to them. With “Summer of Freedom,” we're often left hanging.

Mr. Millman is the author of “The Other Americans: How Immigrants Renew Our Country, Our Economy, and Our Values.”

## Talking Crazy Is How You Lose Elections

By Karl Rove

The closer we get to the midterm elections, the greater the impact of politicians' words on swing voters. That's why House Minority Leader Hakeem Jeffries's comment on Sunday about impeachment was a mistake. Asked on “Meet The Press” about Rep. Alexandria Ocasio-Cortez's claim that attacks on Iran have “driven our country past the threshold for impeachment,” he responded, “We haven't ruled anything in or ruled anything out.”

Raising the specter of impeaching President Trump won't win Democrats one vote. Everyone who wants Mr. Trump removed from office is already in the Democratic column. Making impeachment an election centerpiece could alienate swing voters sick of hyperpartisanship.

Voters want to hear how each party will make America, especially its economy, better. So Mr. Jeffries was right to pivot quickly, saying, “Our focus is going to be to make life more affordable for the American people.” But he didn't offer a single concrete step Democrats would take on the economy before the moderator dragged him into discussing Graham Platner, his party's Maine Senate nominee.

Democrats lack a sensible, easy-to-understand program to improve the economy. Without that, shows of sympathy

for families struggling with high prices go only so far. Without substance, sympathy is thin gruel. And some high-profile policies Democrats are pushing—like wealth taxes in California and Washington state—don't seem to be the answer.

Even if Democrats offer a credible economic package, the far-left language of some Democratic candidates will color the perceptions of up-for-grabs voters. Democrats

### Control of Congress in November is likely to go to the party that sounds less extreme.

run the risk of having their candidates everywhere forced to explain how they feel about far-left contenders like Mr. Platner, Senate nominee James Taralico in Texas and potential Senate nominee Abdul El-Sayed in Michigan.

Democrats will also be burdened by controversial House nominees. Adam Hamawy in New Jersey's 12th Congressional District was a defense witness for the “Blind Sheikh,” Omar Abdel Rahman, in his trial over the 1993 attack on the World Trade Center. Chris Rabb of Pennsylvania's Third District accuses Israel of “genocide.” Candidates like these are likely to make life miserable

for more-moderate Democrats running in closely contested districts and states.

Democratic “influencers” like Hasan Piker also provide Republicans juicy targets. He's been particularly active on the trail this year for Democrats. He's said that “America deserved 9/11,” mocked Rep. Dan Crenshaw (R., Texas) for losing an eye in combat, and proclaimed he would “vote for Hamas over Israel every single time.” Good luck defending him in fly-over country.

But Republicans have problems, too—and theirs start at the top. Count on Democrats to replay endlessly Mr. Trump's comments that “I love the inflation” and “I don't think about Americans' financial situation.”

Republicans also need fresh economic policies that resonate with swing voters. Tax relief and lower spending can be part of it. But there must be new proposals that convince voters their incomes will grow and prices will stop rising. Lower tariffs on food and consumer items America doesn't produce would be a good place to start.

Moreover, the Iran settlement—whatever it is—must quickly lower gasoline prices. The reported 60-day extension of the cease-fire means oil could head back up in August, just before the Labor Day kickoff of the fall campaign, if Iran decides embarrassing Mr. Trump is more important than resolving the issue.

Then there's the president's narcissism. Renaming the Kennedy Center is example No. 1. There are too many others. Aides feel compelled to stroke Mr. Trump's ego constantly. When a federal judge last week blocked the Interior Department from changing signs in national parks, the agency's spokeswoman responded by saying “the greatest president in the history of our country” would preside over Sunday's UFC matches at the White House. Greater than Washington, Jefferson and Lincoln?

The aide was only following what Mr. Trump himself has said. Last month he posted a message referring to himself as “the man who some say is the Greatest President in History.” Now he says the July 4 national celebration of America's 250th anniversary will be “the most spectacular TRUMP RALLY of them all.”

For the thousandth time, he's making everything about him, not the country. That may feed his ego but not his standing, especially with swing voters, whom Republicans need to keep the GOP's congressional majorities.

Words matter, and neither party is making good use of them right now.

Mr. Rove was senior adviser and deputy chief of staff for President George W. Bush and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).

## I Have a Dream—and a Copyright

By Randy Maniloff

Clarence Jones, lawyer and speechwriter for Martin Luther King Jr., died last month at 95. King's confidante is credited with helping the civil-rights leader draft the famous 1963 “I Have a Dream” speech.

In a 2021 interview, Jones assured me that King was capable of writing his own speeches. But it took work to tailor each speech to its audience.

The first half of the “I Have a Dream” speech was exactly as Jones drafted it. “I'd been around him. I knew how his mind worked,” Jones said. “Sometimes the hardest thing for him was the point of departure—starting the speech.”

While obituaries of Jones describe his role in composing the legendary speech, few mention his other contribution. He took steps to copyright the oration—and successfully litigated against would-be infringers.

The idea to safeguard King's rights to the speech came at the last minute. In his 2011 book, “Behind the Dream,” Jones describes a chaotic scene before the 1963 march, with Jones ordering volunteers to draw a little circled C on each of the speech's pages before distributing them to the press.

Jones sought to pre-empt

### Clarence Jones had the presence of mind to protect Martin Luther King's speech.

an argument that the impending speech fell in the public domain. His “goal was to protect, not to profit,” he wrote. King “was going to give his ideas away,” and Jones knew others would “try to make money off those ideas.”

His concern proved prescient. That same year, Jones sought a preliminary injunction from a New York federal court to prevent 20th Century Fox and another record company from selling phonographs of the “I Have a Dream” speech.

The record companies argued that King's speech lost copyright protection because of its public delivery. Pointing to the enormous crowd on the National Mall and the radio and television broadcasts, they maintained that the speech had entered the public domain.

In *King v. Mister Maestro Inc.* (1963), the court disagreed, concluding that there was “no dedication of the work to the public.” The speech didn't qualify as a “general publication” and was copyright-protected. It was like the public exhibition of a painting, the public performance of a play, or the playing of a song in public—all actions

that don't negate copyright protection.

King's estate continues to defend the intellectual property that Jones secured. Media companies seeking to use more than snippets of the speech must obtain a license from the estate until the copyright expires in 2058, 95 years after publication.

The proceeds from these licenses have helped fund the King Center, a memorial nonprofit that provides educational and community programming. “I never imagined the intellectual ownership of ‘I Have a Dream’ would prove to be a kind of endless financial river,” Jones wrote in his book, “generating substantial sums of money year after year to fund Dr. King's ongoing work through the King Center.”

Mr. Maniloff is an attorney at White & Williams LLP in Philadelphia.

## OPINION

## REVIEW &amp; OUTLOOK

## Is Iran Really a ‘Normal Country’?

Iran has to take a decision whether it wants to be a nation or a cause,” Henry Kissinger once said. For 47 years, the Iranian regime has answered “cause”—Islamic revolution. The Trump Administration is now paying for the privilege of asking the question anew.

Vice President JD Vance said it on CNN: “What the agreement does is fundamentally set up a structure whereby if the Iranians behave like a normal country, then we want to treat them like a normal country and welcome them to the world economy.”

Mr. Vance is using that term, “normal country,” on network after network as he tries to sell the agreement. But the regime in Iran has never shown over 47 years that it wants to build a normal country or “join the international community.” At every turn it has banked U.S. relief and concessions and used them to promote terrorism and spread its Shiite revolution.

“What the President is trying to do is actually extend the hand of peace,” Mr. Vance said on Fox. In that he echoes Barack Obama, who in 2009 told Iran’s regime, “We will extend a hand if you are willing to unclench your fist.” The reply was a clenched fist.

Every U.S. President since 1979 has had the same wish, only to discover the regime had other plans. After the fall of the Shah, Jimmy Carter wanted to open a diplomatic channel with Ayatollah Khomeini’s regime and embrace it as the true voice of the people. He was rebuffed and his Presidency sunk by Iran’s seizure of the U.S. Embassy, with 52 U.S. diplomats held hostage for 444 days.

Ronald Reagan tried as well, and the Iran-Contra affair sprung from misguided hopes of getting the regime to free other U.S. hostages, and from there move past hostility. Iran had taken the hostages via the terror groups it stood up in Lebanon to spread its revolution. These proxies murdered hundreds of Americans in suicide bombings and became the template for the Iran-backed militias that sow war across the region.

George H.W. Bush tried to reach out to Tehran immediately with his inaugural address. Speaking of Americans held hostage, he told Iran, “goodwill begets goodwill.” But the regime wasn’t looking for goodwill.

Iran was responsible for terror attacks across the region, including the Khobar Towers bombing that killed 19 U.S. servicemen and injured 400 in 1996. Bill Clinton then chased the “reformist” President Mohammed Khatami with gestures and concessions in the late 1990s only to discover the real power lay with the Ayatollah, who had no interest.

George W. Bush included Iran in his “axis of evil” but declined to confront it, even as the Pentagon found it responsible for killing hundreds of U.S. soldiers in Iraq. Iran broke its nuclear program into pieces in those years but kept ad-

vancing it, lying and covering up evidence.

Next up was Barack Obama, who muted his disapproval when Iran stole the 2009 election and murdered protesters. He did the same as Iran took over in Syria by massacring Assad regime opponents. A nuclear deal was said to be a path to a wider rapprochement.

Iran signed in 2015 only when it could keep its nuclear facilities, continue enriching uranium and receive cash and sanctions relief. The regime then ramped up its intervention in Syria, its missile program and its support for proxy terrorism.

Joe Biden came into office pledging to return to the nuclear deal after Donald Trump withdrew. Mr. Biden gave Iran billions of dollars and stopped enforcing oil sanctions. Iran responded with nuclear acceleration and a major war with Israel waged via proxies and then directly.

Will all of this finally change after the Israeli and U.S. bombing campaigns? Mr. Vance insisted on CNN that Iran’s regime is “a much different group of people” for whom “something has fundamentally transformed.” That’s the gamble, but there’s scant evidence for it.

The story of Ayatollah Ali Khamenei’s rule (1989-2026) was the devouring of the state by the Islamic Revolutionary Guard Corps. His son, Iran’s new Supreme Leader, says the only place for Americans in the Persian Gulf is “at the bottom of its waters.” The new regime clique of IRGC leaders and mullahs has fired on Gulf neighbors, U.S. forces and commercial ships throughout the cease-fire and even after this deal was announced.

But on CNBC Mr. Vance said, “you see people, both the hard-liners but also the more political people, saying ‘our relationship with the U.S. over the past 47 years has been a mistake, let’s turn over a new leaf.’” We promise that wasn’t Mr. Obama or John Kerry speaking. Like so many before it, the Trump Administration wants to believe this regime is other than what it has shown itself to be.

Sometimes miracles happen, or leaders drag their regimes in a different direction. Anwar Sadat gave his life to carry Egypt to peace with Israel. Mikhail Gorbachev forced the Soviet Union to reform. Who is the comparable new leader in Iran? No matter what was intimated in back-channel talks, the unwillingness of Iran’s regime to put substantive nuclear commitments in the memorandum of understanding is a warning.

Mr. Vance and the President seem to believe that the lure of gleaming hotels and \$300 billion in investment is enough for the regime to abandon its revolutionary cause. It could have had those hotels and prosperity for decades but always chose revolution and terror. If Iran really is committed to a new direction, it shouldn’t take 60 days to find out. If the regime won’t abandon its nuclear program, it prefers revolution.

## Warsh’s Bold New Change at the Fed

Kevin Warsh made his first outing as Federal Reserve Chairman on Wednesday, and one can hope this is how he means to go on. The public saw initial evidence of, and a considered process for, the change the Fed needs.

The central bank’s policy decision—to maintain the target fed funds rate at 3.5%-3.75%—hadn’t been in doubt before the Federal Open Market Committee meeting. The news was that Mr. Warsh managed to corral a unanimous 12-0 vote in favor despite the previous public views of some governors that a rate increase was called for.

One manifestation of the Warsh influence was the statement. Delivering only four terse paragraphs, the FOMC cut the prolix forward guidance it has offered about whether it might raise or lower rates in the future.

The FOMC did publish its quarterly summary of economic projections, including the dot plot of guesses about the path of inflation and interest rates. These showed that participants are growing more concerned about persistent inflation. But Mr. Warsh didn’t submit his own projections, consistent with his longstanding skepticism about the dot plots. He conveyed his view with a simple declaration of monetary policy independence: “The Committee will deliver price stability.” Take that, Elizabeth Warren.

As we suggested on Monday, the era of forward guidance is over. Mr. Warsh avoided hints during his post-meeting press conference about the future path of interest rates, despite reporters’ best efforts to goad him. Markets may be over-interpreting those dot plots given Mr. Warsh’s statement that FOMC participants submitted their projections “in pencil.”

This is an effort to restore the correct relationship between the central bank and markets. “I think financial markets perform best when they react to incoming data. I think the financial markets work less efficiently when they ask a question, ‘How will the Federal Reserve react to that incoming information?’” he said. The insight, as he added, is that financial markets can offer valuable data to central banks—but not when investors are betting primarily on what the central bank itself will do.

While mum on future policy, Mr. Warsh laid out his process for Fed reform. These consist of five task forces—on communications, the Fed’s balance sheet, data sources, the effects

## The Trump deal only works if the regime abandons revolution. It hasn’t in 47 years.

## The new Chair unveils an ambitious, but careful, reform agenda.

of productivity changes on jobs and the economy, and the Fed’s inflation framework. These are designed to explore and promote the intellectual refresh the central bank needs.

Most ears perked up at the mention of the balance sheet, since Mr. Warsh is a long-time critic of the Fed’s current policy of maintaining a large

footprint in the economy. The FOMC statement “reaffirmed” the Fed’s so-called ample-reserves regime, code for the large balance sheet. It’s a reassurance that Mr. Warsh won’t move recklessly.

Instead, this task force will explore how the Fed could implement monetary policy and maintain stability in the banking system with a smaller balance sheet. Shrinking the Fed’s footprint will change how the central bank interacts with the financial system, and that debate is long overdue after the dramatic changes that were brought in with little public debate after 2008.

Some are interpreting the task forces as a dodge, but that’s a mistake. They’re a signal that Mr. Warsh wants to bring in outside experts to work with Fed insiders to make significant reform. This is disruption of an institution that has lost its way, but with a careful process that can persuade and be durable.

Speculation also focuses on which measure of inflation the Warsh Fed might track. Mr. Warsh’s point is bigger. Business executives routinely make decisions based on real-time data about sales, prices, inventories and the like, he said Wednesday. Yet the Fed still relies on government survey data of variable reliability subject to repeated revisions.

Especially refreshing was to hear Mr. Warsh on Wednesday challenge the notion of a “cruel choice” between inflation and employment, which describes the Phillips Curve models dominant for generations at the Fed. The central bank needs a more nuanced understanding of the relationship between growth and inflation as artificial intelligence and other technological changes are transforming the U.S. economy.

Mr. Warsh is only at the beginning of the beginning of his tenure, and many challenges lie ahead. For now, a public weary of years of inflation and too few persuasive answers from the Fed can be reassured that the new Chair knows what he wants to do and what it will take to enhance the central bank’s credibility.

## LETTERS TO THE EDITOR

## Don’t Let Private Planes Avoid Paying Fees

In her column “Big Brother Is Watching the Sky” (Potomac Watch, June 12), Kimberley A. Strassel takes a side in a congressional battle between private aircraft owners and airport operators. The dispute centers on whether airports can use a plane’s Automatic Dependent Surveillance-Broadcast (ADS-B) to identify aircraft landing at their facilities to charge landing fees.

Commercial airports, as well as some larger and busier general aviation airports, charge landing fees to users.

Airliners are easily identified for landing fee purposes, but private planes are more difficult to charge. An airport might try to capture an aircraft’s tail number via photography, though that method is hardly foolproof. But ADS-B identifies the aircraft. Private plane groups contend that it is wrong to use this information to link landing fees to specific aircraft. Ms. Strassel quotes private plane lobbyist Jim Coon, who says that ADS-B is only meant

to be a safety tool—to prevent mid-air collisions, for instance—and that using it to help collect landing fees is a misuse of the tool. Private plane groups have succeeded in getting this idea into a current House bill. There is no such provision in the corresponding Senate bill, which will have to be reconciled with the House bill.

In reality, ADS-B is an information tool as well as a safety tool. It identifies every aircraft that is equipped with it, which is why it is the fairest way to prevent private planes from evading landing fees.

The American Association of Airport Executives should educate the media and members of Congress on the vital role of landing fees as an airport revenue source. Congress should resist giving private planes a tool that helps them avoid paying landing fees.

ROBERT POOLE  
Transportation policy director  
Reason Foundation  
Plantation, Fla.

## Getting a Summer Job Isn’t as Easy as It Looks

In his op-ed “Why Teenagers Stopped Working in the Summer” (June 10), Roland Fryer misses an important factor that contributes to the shortage of jobs for teenagers: insurance and liability barriers. In my area, for instance, no one under age 18 can operate a deli meat slicer.

Teenagers shouldn’t overlook tried-and-true summer jobs such as babysitting or nannying, housecleaning, dog walking and lawn care.

TONYA WARREN  
Waco, Texas

I don’t dispute Mr. Fryer’s conclusions, but I want to add something from our experience watching our 16-year-old try to find work.

Gone are the days when a teenager could go to a local grocery store or fast-food restaurant, ask to speak to the manager, make a good impression and start working. Instead, teens must apply online and then wait. Here are a few responses our son got the other day: The Mexican restaurant managers wanted people who can speak Spanish. The coffee and ba-

gel shop doesn’t hire anyone under age 18 because of “sharp knives and stuff.” The bowling alley only hires those age 17 and older. The pizza place took his name and number. Maybe he’ll get lucky, but I’m not holding my breath.

A lot has changed for teens through the years. Missing out on a part-time job at this age is truly a loss, especially for those teens who aren’t on the four-year college route.

THERESA FOSTER  
Delmar, N.Y.

Mr. Fryer overlooks a few factors that contribute to the shortage of teens working summer jobs. One is transportation. Used cars used to be more available and affordable, and many teens knew how to fix them up themselves. Today, not so much.

Additionally, teenagers in single-parent families often help with child care and other responsibilities at home during the summer, missing out on the opportunity to work and earn income.

JAN T. MCCARTHY  
Keswick, Va.

## The Real Fiscal Culprit Is Spending, Not Taxes

Arthur Laffer and Stephen Moore argue in “The Big Bob Packwood Tax Reform” (op-ed, June 11) that lower tax rates—the hallmark of the 1986 tax reform bill spearheaded by the late Sen. Bob Packwood—generate higher tax revenues. But the deeper issue isn’t tax rates; it’s federal spending.

Every dollar Washington spends is a dollar removed from the private sector, the true engine of prosperity, innovation and job creation. If tax revenues increase because of economic growth, lawmakers shouldn’t view it as an invitation for the government to spend even more. A growing economy should require less government intervention as private-sector employment and opportunity expand. Why should Washington continue absorbing an ever-larger share of the nation’s resources?

As we approach the 250th anniversary of the Declaration of Independence, Americans can reflect upon the Founders’ vision of a nation built on self-reliance and limited government. Today, tens of millions of Americans, businesses and institutions depend on federal dollars for income and benefits. This dependency is far removed from the spirit

of independence that animated the American Revolution.

America needs a constitutional budget that phases out unauthorized federal programs. The goal should be to restore economic independence by reducing Washington’s reach and allowing citizens to keep more of what they earn while relying less on the government for their livelihoods.

MURRAY SABRIN, PH.D.  
Associated scholar, Mises Institute  
Naples, Fla.

## Driverless Trucks Take Good Jobs Away From Americans

Driverless trucks endanger good-paying jobs and the communities that rely on them (“Pepsi Puts Driverless Trucks on Road,” Business & Finance, June 9).

Automation would remove the real-world, first-hand experience and knowledge drivers gain on the road. My co-workers and I have delivered to our customers for years. We become friends, get to know their families and build lasting relationships. Thanks to these close bonds, we also serve as salespeople and recommend products we know they will enjoy. Without drivers, these relationships disappear.

Delivery drivers like me rely on good union wages and benefits that driverless-truck companies are trying to destroy. Autonomous vehicles are job killers. I’m proud to be a Teamster and to know there are 1.3 million Teamsters who have our back as we stand up to corporations that put profits over people.

KEITH HERNANDEZ  
Teamsters Local 727  
Newark, Ill.

## Pepper ... And Salt

THE WALL STREET JOURNAL



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## OPINION

## What Dad Wants This Father's Day

By Roland Fryer

My favorite Father's Day gifts are a terrible breakfast concocted by my daughters and an afternoon at the smoker where no one mentions what the ribs are doing to my arteries. For the record, I am the primary cook in my house, and I do most of the driving to club soccer games, where I am an unofficial sideline coach (a role the actual coach specifically asked me not to take).

What I receive most years are socks that say "#1 Dad," last-minute arts and crafts, and the occasional grill gadget—a catalog essentially unchanged since 1965. The American father has been transformed significantly over the past half-century. But the gifts that honor him haven't, and the gap between the two is worth a little economic reasoning.

The Pew Research Center, analyzing long-run time-use data, found that fathers spent about 2.5 hours a week on child care in 1965. By 2011 that figure nearly tripled, to 7.3 hours, while their housework roughly doubled. They didn't buy that time by stepping back from work—paid hours fell modestly, and



thers. Even paternity leave, one of the costliest signals a father can send, has risen from less than 1 in 5 employed first-time fathers before the Family and Medical Leave Act of 1993 to about half for recent births. Newer time-use research finds that, since the pandemic, fathers of young children have again traded paid hours for care giving, nearly one for one.

Today's dad isn't the provider-father of 1965 whom the holiday was built to honor. He is a different man doing different work—and when his family asks what he wants this Father's Day, most of the time he says: Nothing.

I wanted to know whether that "nothing" was true. So I conducted a survey of 1,000 American fathers, recruited to reflect the national population by age, race and region, and I asked them what they expected to receive on Father's Day, what they actually wanted, and why the two so often diverge.

Among the fathers I surveyed, nearly two-thirds expect to receive something other than what they want. But asked what they actually wanted, fathers didn't hold back. They want experience: a day fishing, a round of golf with two friends, or, as one father wrote, "an afternoon out doing something we usually don't do that I like." None of this is exotic. A fishing trip or a ballgame is

something the market provides readily and cheaply. If this is what fathers want, and it is no harder to give than a gadget, why do we all have "#1 Dad" socks?

Some of what fathers want, though, isn't a purchase at all. Nearly 3 in 10 say the gift they would most value is recognition of the care giving they do—not a drug-store card, but genuine acknowledgment of the lunches, the logistics, the doctor's appointments. These are men doing real volumes of that work: a median of 20 hours a week of hands-on care and six more of the administrative kind—scheduling, school emails, appointment booking—that the time-use surveys show migrating onto fathers over two generations.

This is the part of the puzzle that should be easy. Recognition costs nothing. A family that wanted to give it could do so before breakfast. So why don't they? The answer isn't that families are unable to give it, or unwilling. The failure isn't on the giving end. It is that the average father would sooner eat the grill brush than ask to be thanked—and I built the survey specifically to find out why.

Before I asked fathers what they most wanted, I varied how the question was set up. Some got it straight. Others I first prompted, gently, that "some men feel it's more dignified

not to ask for anything on Father's Day," and invited them to set that feeling aside. The logic was simple: If an unspoken rule is suppressing what fathers admit they want, naming the rule and waving it away should change their answers. It did. When fathers were reminded that the dignified thing is to want nothing and given permission to ignore that script, the share choosing acknowledgment as their most wanted gift rose by 25%.

Asked directly, fathers describe the rule themselves. Sixty-three percent wrote that it is more dignified for a man not to ask for anything on Father's Day. Fifty-eight percent agree that asking for credit for care giving "feels unmanly." And 59% admit that when asked what they want, their answer is "nothing"—even though, by their own account, they have clear preferences. Only 32% endorsed the more cynical proposition that they say "nothing because no one really cares."

Fathers aren't silent because they have given up. They are silent because asking for acknowledgment violates the man code. And that code binds tightest on the men with the most to acknowledge. Among fathers who handle the largest share of care giving, 73% expect a gift other than the one they want, compared with 60% of those who do the least.

Economists like to say markets are good at pricing what people value. Father's Day exposes the condition buried inside that claim: A market can clear only on what people are willing to ask for. The American father has been remade. But a holiday built on stated wants can only honor the wants he states, and he has learned to state none.

As for me, this is the year I will stop saying "nothing." I'm going for burnt pancakes, a family fishing trip, and—if my daughters are willing—an admission, out loud, that those close soccer games were won on the strength of my sideline insights.

*Mr. Fryer, a Journal contributor, is a professor of economics at Harvard, a founder of Equal Opportunity Ventures and a senior fellow at the Manhattan Institute.*

## The Justices Are Finally Colorblind

By Elizabeth Price Foley And Jason B. Torchinsky

The Supreme Court sometimes takes its time in correcting its errors. Take *Plessy v. Ferguson* (1896), which upheld Louisiana's Separate Car Act and established the doctrine of "separate but equal." Justice John Marshall Harlan was the only dissenter: "Our Constitution is colorblind, and neither knows nor tolerates classes among citizens."

It took 130 years for the court's majority to endorse Harlan's view. The occasion was *Allen v. Milligan*, an Alabama case involving racial gerrymandering. In an unsigned June 2 order over three dissents, the justices described *Louisiana v. Callais*, which they decided five weeks earlier, as addressing the "tension" between the standards for enforcing the 1965 Voting Rights Act and "our colorblind Constitution." In *Students for Fair Admissions v. Harvard* (2023), which struck down racial preferences in college admissions, Chief Justice John Roberts quoted Harlan favorably in answering a dissenter's point.

## A majority dissent from Plessy v. Ferguson 130 years later, and 'disparate impact' is on the way out.

The implications of the court's belated embrace of colorblindness are potentially far-reaching, especially when it comes to "disparate impact" analysis. On June 9 the Justice Department's Office of Legal Counsel concluded that the Equal Employment Opportunity Commission's guidelines on workplace discrimination are unconstitutional because they "incent—and even coerce—employers to make race-based decisions to avoid liability," they "encourage racial quotas," and they "have the effect of injecting racial considerations into the evaluation of nearly all employment practices."

The EEOC and other such guidelines require virtually all decision makers subject to discrimination law—employers, lenders, landlords, universities and others—to pursue racial balancing objectives. The mechanism is straightforward: Disparate impact constrains and often forbids the use of any criterion that has a statistically different effect on a particular race, making it virtually impossible to rely on background or credit checks, verbal or written aptitude tests or academic disciplinary records. Among other things, the EEOC's guidance warns employers against basing decisions on criminal background checks due to "problems that may be more common among people of a certain race."

As the OLC opinion concluded, this approach "structurally compels the very racial discrimination that the Constitution forbids" because it operates as a "racial thumb on the scales" and constitutes "intentional discrimination against the members of the racial group who are balanced down."

The OLC opinion notes that the EEOC's disparate-impact rules were "fatally undercut" by the justices' decisions in *Fair Admissions* and *Callais*. The former ended 45 years of judicially sanctioned discrimination in university admissions. "Eliminating racial discrimination," the chief justice wrote, "means eliminating all of it." Equal protection "cannot mean one thing when applied to one individual and something else when applied to a person of another color."

*Callais* applied the same rationale to Section 2 of the Voting Rights Act, which allows race-based "vote dilution" claims in the drawing of legislative districts. Before *Callais*, courts used a disparate-impact analysis that militated toward concentrating minority voters so that they could elect representatives based on their share of the population. Section 2 plaintiffs now have to show evidence establishing "a strong inference that intentional discrimination occurred." Most electoral maps are drawn based on constitutionally permissible partisan preferences, not race.

These cases are only the start. Disparate-impact rules still govern the Education, Housing and Urban Development, and Health and Human Services departments, as well as the Consumer Financial Protection Bureau, Federal Deposit Insurance Corp., Environmental Protection Agency and Federal Reserve. They will need to be modified to conform to the Constitution's colorblind mandate. States are legally obligated to do the same, and those who resist should face challenges in court from the Justice Department's Civil Rights Division. Our colorblind Constitution ensures equal opportunity, not equal outcomes.

*Ms. Foley and Mr. Torchinsky practice constitutional and appellate law at Holtzman Vogel PLLC.*

## Many would appreciate acknowledgment of the work we do—but asking for that seems undignified.

93.7% of fathers with minor children are still in the labor force—so the new care giving came out of their own leisure. The cause wasn't ideology but arithmetic: The old bargain of household specialization—one spouse in the market, one in the home, concentrating where they were most productive—became unaffordable as women's earnings rose.

Over the same 50 years, the share of marriages in which the wife is the sole or primary breadwinner roughly tripled, from about 5% to 16%. The care that mothers supplied still had to be done, and more of it fell to fa-

## California Needs a Pro-Business Governor

By Steve Hilton

Gov. Gavin Newsom loves to point out that California has "the world's fourth-largest economy." Any doubts one might have about the state's economic performance are thought to vanish at the sound of his handy catchphrase, now echoed by Xavier Becerra, my Democratic opponent in the California governor's race.

But those doubts remain, and for good reason. California's "failing model of governance" was examined at length Sunday on CNN by Fareed Zakaria, who pointed out that despite a modestly increasing population since 2000, California's government has grown at an astonishing rate. During this period, Mr. Zakaria noted, overall public spending has risen by more than 200%, and spending per person went from \$2,300 to \$6,300. It's also telling that California's rising taxes helped drive almost two million people from the state during Mr. Newsom's tenure.

"Why does a state with so much money, talent and promise make life for ordinary people so hard?" Mr. Zakaria asked. The answer is that for the past 16 years, California has effectively operated as a one-party state. Progressive politicians have long promised that high taxes, heavy regulation and a large government role in the economy would produce fairness and prosperity.

The results have been dismal. California today suffers the highest poverty rate, the highest unemployment rate and the highest cost of living in America. California families and businesses pay the highest gasoline and electricity prices in the continental U.S., nearly double the national average. Last year U.S. News & World Report ranked California 50th out of 50 states for opportunity.

The main drivers of California's

hostile business climate are crushing taxes, regulatory bloat, excessive union power, climate extremism and out-of-control litigation. These forces shape every major economic decision, driving up costs, slowing investment and putting California, as one investor told me, at the "top of the 'don't go there' list."

## The state leads the country in unemployment, poverty and the cost of living. Even Fareed Zakaria has noticed.

Business owners in California tell the same story. A manufacturer who wants to expand operations runs into years of permitting battles and litigation. A restaurant owner struggles with rising labor costs, insurance costs, utility bills and overlapping regulations from multiple agencies. Farmers face soaring energy and water costs while ideological agendas override economic reality.

Some of America's most successful companies are reacting to the state's antibusiness climate by leaving. Chevron is moving its headquarters to Texas; Tesla moved there a few years ago. Oracle's headquarters is moving to Tennessee. Film and TV production in Los Angeles is collapsing. Cutting-edge investment is headed out of the Golden State: Nvidia is expanding heavily outside California, and Anthropic chose Texas for a major new investment.

At the moment when artificial intelligence could fuel an economic boom, California is pushing investment toward states with lower costs, lighter regulation and governments that actually want growth.

You would think that the business

community in California would take the opportunity to fight back. Quite the reverse. In a pathetic display of learned helplessness, California business leaders have collaborated in their own abasement.

Major corporations have thrown money at political candidates whose policies run counter to a positive business climate. This corporate-style Stockholm syndrome reached its apogee last week when the California Chamber of Commerce endorsed Mr. Becerra for governor—the first time it has backed a Democrat.

Mr. Becerra has wholeheartedly backed the climate extremism that makes operating in California so expensive and difficult. He is a dyed-in-the-wool creature of the union and trial-lawyer lobbies. Asked by an interviewer which policies he would change as governor, he named none. This craven decision by California's business lobby to support the policies that have brought America's largest state to the brink of

economic disaster reveals a dangerous complacency.

We can no longer assume that great weather and natural beauty will keep business in California. Many CEOs and founders have told me that if we don't change direction this year, they are heading out. The business exodus from California could become a stampede, especially if voters approve the insane asset seizure known as the billionaire tax.

California still has everything you would want to start and grow a business: networks of talent, capital and universities; land, ports and a diverse supply chain; and above all a culture that celebrates risk-taking and innovation more than anywhere in the world.

All we need is a governor who acts decisively to reduce the taxes and bloat that are crushing the spirit of enterprise and a business community that actually supports business.

*Mr. Hilton, a Republican, is a candidate for governor of California.*

## Mamdani vs. Bodegas

By Faith Bottum

At an October campaign event, Zohran Mamdani received the endorsement of the United Bodegas of America, an advocacy group for some 14,000 neighborhood grocery stores. After holding up an egg-cheese-and-jalapeño sandwich from a local shop, he announced, "I look forward to delivering for every single bodega owner."

Many bodega owners say the mayor has betrayed them by pushing ahead with his plan to create city-owned supermarkets. The government "should be working with us," says Francisco Marte, 59, owner of Green Earth Food in the Bronx and president of the Bodega and Small Business Association of New York. "That type of business run by the government, they never succeed. They always fail, and they fail big and with a lot of money that could have been used for something better." Carlos Collado, 58, owner of a Fine Foods store in the Bronx, asks: "How can one compete against that monster that is weaponizing our own tax dollars?"

At a recent City Council meeting, one councilwoman asked how the administration chose the location for the Harlem store—estimated to cost \$30 million or more to open. "We had to balance a bunch of things," Jeanny Pak, interim president of the city's Economic Development Corp.,

responded opaquely. "For the per capita that lives up there—it's a very dense neighborhood—it did qualify."

But five grocers are already within a two-block radius of that proposed Harlem store, with 10 more within five blocks. What will happen to those stores when the city stomps in? "We really want to work with the bodega owners," Ms. Pak said. The city stores' "core basket of goods" isn't "really some of the stuff that the bodega owners offer." She said the city was considering discounts on "bread, milk, meat, chicken, eggs" and won't offer such items as the lottery tickets and alcohol found in bodegas.

But bodegas also sell milk and bread, and they fear they will be driven out of business by government discounts. Lost will be the ungentrified bodegas that celebrate neighborhood regulars by thumbtacking Polaroid photos of them to the wall and let customers buy sandwich bread on credit.

Mr. Marte started working as a bodega worker at 18. "I know what it means to be raised in the life," he says, "to serve the community, to bring business to the community." Local stores like his have long been a lifeline for neighborhoods across New York. "I don't think that this is the way we should get paid back by the government."

*Ms. Bottum is an assistant editorial features editor at the Journal.*

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## The risks of borrowing from China's economic playbook

## Western governments have to guard against unchecked state expansion

For the past decade, western governments have wrestled with how to respond to the threat of cheap Chinese imports. The issue of "predatory competition" was once again high on the agenda at this week's G7 summit in Evian-les-Bains, and is set to feature prominently when EU leaders meet today. Increasingly, the response from Washington and Brussels has been to leverage the might of the state to provide subsidies and protections for industry. According to Global Trade Alert, more than 9,500 subsidy measures have been introduced across the EU and US over the past 10 years. In other words, to counter Beijing's state-led economic model, the rich world has increasingly borrowed elements of it.

Today, there is growing acceptance in

the west that the state should play a greater role in the economy, despite the costs and distortions this may bring. Recent shocks, from Covid-19 to conflicts in Ukraine and the Middle East, have exposed the fragility of global supply chains when left to markets alone. Rising geopolitical tensions have also highlighted how dependencies can be weaponised, while years of reliance on low-cost Chinese imports have eroded domestic manufacturing capacity in sectors deemed critical to national security and emerging technologies. Few now dispute that interventions – be they subsidies, procurement rules or trade protections – can help build resilience in strategic industries.

But governments must guard against interventions expanding beyond these narrowly defined purposes. China's industrial strength now spans from low-end goods to advanced sectors including electric vehicles, solar panels and wind turbines. Western governments lack the fiscal and bureaucratic capacity to prop

up industries across the board, particularly as Beijing has spent decades building vertically integrated supply chains. An OECD report this month found Chinese companies receive, on average, up to eight times more state support than their rich-world counterparts.

But once governments accept a larger role in directing economic activity, boundaries become harder to maintain. Industries across the economy can argue they are strategically important and deserve protection from Chinese competition. Support, once granted, is also politically difficult to withdraw, while new subsidies offer an easy win for sectors under pressure. EU state aid surged during the pandemic and still remains above pre-Covid levels.

There is an opportunity cost, too. A larger, more interventionist state absorbs administrative capacity that might otherwise be devoted to measures that directly enhance competitiveness. For instance, efforts to deepen the EU's single market, or investing in US

Efforts to deepen the EU's single market, or investing in US energy and transportation infrastructure, would do more to strengthen private-sector dynamism than industrial subsidies

energy and transportation infrastructure, would do more to sustainably strengthen private-sector dynamism than industrial subsidies. It is worth noting that although Chinese companies have benefited from subsidies, the intense competition for state support has also helped to drive innovation and to lower the cost of production.

As western governments continue to develop their response to China, they need to move beyond the debate over whether to adopt industrial policy in order to safeguard their economies to defining the limits of such measures. That means being clear on what a strategic industry is, what level of dependence in supply chains is tolerable and where it may simply be better to take advantage of Chinese expertise and low-cost inputs. The priority should be to build resilience where it matters most, remain open where possible, and restore the competitive strengths that made western economies prosperous in the first place.

## Opinion Artificial intelligence

## Tech giants must share their wealth

María Hergueta



## Gene Sperling

The jukebox of major AI companies is shuffling between two tracks. For some time, tens of millions of families have only heard REM blaring "It's the End of the World as We Know It". With the booming of graduation speakers praising AI and polling showing overwhelming fear of its impact, some tone-deaf tech leaders now seem to believe they can reduce AI backlash by downplaying the potential for massive job losses by skipping to Bobby McFerrin's "Don't Worry, Be Happy". Neither tune captures the moment.

AI enthusiasts need to lose the delusion that if working families could only comprehend the productivity gains, consumer conveniences and potential medical breakthroughs that the technology may bring, they would get over their fear of losing their

## America should not wait until the worst happens before moving policy in a pro-worker direction

standard of living, meaningful work and hopes for their children's economic future. They won't.

Tech titans also need to stop seeing fear of job loss as harmful only to the degree it triggers regulatory backlash. Instead, they should take seriously legitimate opposition to economic policies or technological trends that threaten to reduce – not uplift – dignity for workers. We are not a nation "of the people, by the people, but for massive, rapid AI productivity growth regardless of its impact".

If AI giants have any hope of reducing the backlash, they must urgently come to grips with the fact that the only legitimate end goal of any democracy is the degree to which it lifts the economic dignity of its people.

The moment of truth for tech and business may not come until we see stronger evidence of AI-induced job losses. Will tech leaders now expressing support for a token tax or mandatory contribution of equity stakes in AI companies remain committed to some form of redistribution or refuse to share their fortunes? Will they agree to share AI gains with workers through higher pay with shorter work weeks or a dedicated revenue stream to create millions of dignified jobs?

What we don't need to do is wait until the worst happens before

moving corporate and public policy on AI in a pro-worker direction.

If the optimistic crowd is so confident that AI will spark new jobs, they should start by demonstrating that at their own companies. Why not make corporate pledges and support public policies that promote retraining of workers and redeployment when AI adoption does lead to displacement?

It was not so many years ago corporate giants like AT&T and JPMorgan publicly offered paths to redeployment over severance to many of their workers. The Washington Center for Equitable Growth's Jacob Leibenluft documents how, following the second world war, major CEOs worked with unions on "automation funds" to moderate job loss.

Only public policy will enforce pro-human AI development. But business leaders calling for commitments to pro-worker AI would be a welcome change from today's *Hunger Games*-like competition of who can most impress investors with the severity of AI-induced lay-off announcements.

US business leaders could start by supporting a redeployment tax credit to encourage companies to choose apprenticeships, skill enhancement and on-the-job training as opposed to lay-offs. Singapore is already examining this. Such a fund for redeployment would be paid for by businesses – via a corporate surtax, ending 100 per cent expensing for investment in automation, an AI token or compute tax, or a combination of the above. Large businesses would pay higher taxes to create an incentive that would lower taxes only on those who chose to lead on redeployment, augmentation or job sharing with higher wages.

The danger of such a tax credit is "deadweight loss" – paying companies for actions they would have taken anyway. To combat this risk, the credit should start with a competitive application process reviewed by the Treasury, commerce and labour departments. This tax credit could provide up to 75 per cent of costs for apprenticeship or training for new jobs and up to 50 per cent of first-year wages. The credit would include clawback safeguards for those who renege on their pro-worker commitments. Priority would go to employers who applied jointly with workers.

Would it be messy and imperfect? Yes. But if we are serious about more structural pro-worker tax reform in the age of AI, it is better to be working out the kinks now.

Would it be enough? No. But it would be a start to ensure AI is structured to raise the dignity, economic security and work opportunities of the many and not just provide a financial bonanza for the few.

The writer is executive director of the Economic Dignity Lab at Georgetown

## Letters

## El Niño is a reminder supply shocks are structural, not episodic

The authors of the latest World Bank forecasts for the global economy ("World Bank warns El Niño risks driving up global food prices", Report, June 11) argue that supply-related food shocks will only become more frequent.

Yet they treat this as though it is bad luck: El Niño plus the Iran/fertiliser crisis. But these are not "back-to-back transitory shocks" as James Pomeroy, the global economist at HSBC, quoted in your report, suggests. Supply shocks are an inevitable baseline. The pattern

is structural, not episodic. Seven of the nine planetary boundaries have already been breached and the inputs food production relies upon are degrading in a vicious cycle.

In some respects it is past a degradation threshold already – for example clearing land for food reduces food. A case in point: a new study lays out how Amazon deforestation lowered rainfall and soyabean yields hundreds of miles downwind of the forest clearance.

The global food value chain

contributes roughly a third of all greenhouse gas emissions, uses 70 per cent of fresh water, and drives between 60 per cent and 80 per cent of global biodiversity loss. The system is undermining its very foundations.

Phenomena like El Niño will worsen, and output will continue to fall as nature degrades.

Resilience cannot just be buffers and insurance. Real de-risking is rebuilding the natural capital under crop yields and mapping clearly where exposure is at its worst.

Here in Europe, fragility ultimately comes from the import dependency that ties our food to global ecosystems. We are as vulnerable as our supply chain.

Capital must flow into regeneration and precision agriculture, biological inputs, supply chain intelligence and novel farming. Nature is the asset underwriting every harvest. The returns will favour those who act first.

**Lena Thiede**  
Co-Founder and General Partner,  
Planet A, Berlin, Germany

## Token economics is the wrong model to adopt

Re your coverage of young professionals souring on AI (Report, FT.com, June 1), research suggests remote work remains the truer predictor of declining entry-level hiring. The business world seemingly wishes to bypass junior talent entirely, instead, putting its faith in tokens, the basic units of output from large language models.

This corporate retreat from investing in human capital closely mirrors return-to-office mandates. Just as those directives protect shareholders' commercial real estate portfolios, the current rush towards automation lines the pockets of investors selling tokens.

Leaders must stop using AI as a shield and instead confront basic management problems. Yes, remote work has dismantled the desk-side shadowing that once built junior intuition, but the solution requires a mastery of delegation instead of policing a generation famously allergic to micromanagement.

As a millennial founder working mainly with Gen Z, I see this first-hand.



By outsourcing to AI what I call the messy curiosity of the Wikipedia rabbit hole (looking for one thing and researching three more), companies are quietly killing the critical thinking that develops through discovery, while manufacturing a fragile new class of hire: fast on day one, but completely

marooned by Day 30 because their brains were never permitted to train.

The real solution lies in introducing proper large language model proficiency audits, modelled on 1990s computer literacy courses, instead of measuring success by the number of burned tokens, a metric Amazon tried and embarrassingly abandoned ("Amazon scraps tracking employees' use of AI tools", Report, May 30).

**Yakov Filippenko**  
Founder, Intch, New York, NY, US

## Athenians' Sicily disaster: something for Xi to ponder

There has indeed been a lot of discussion about the Thucydides trap (FT View, May 16). What is almost never mentioned is that the incumbent power Sparta eventually won after the rising power Athens launched an ill-judged invasion of Sicily. If he knows his Mark Twain, President Xi Jinping will be hoping history doesn't rhyme or repeat when it comes to one of China's nearby islands – Taiwan.

**William Steeds**  
Political Risk Insurance Underwriter at  
Lloyd's of London, London W2, UK

## Starmer's social media ban smacks of moral panic

Being a passenger in a car comes with certain risks (Report, June 6). The risks are particularly high for small children. Let us ban children from cars until they become adults!

This is, of course, ridiculous. We take measures such as putting them in the back seat, using baby seats for infants and so on to make them safer in cars.

And yet we are banning all children under 16 from social media, which has risks but also benefits, just like riding in a car. Instead of putting the onus on media companies, content contributors, parents and minders, we are punishing our children instead.

When will people learn that moral panics are silly and damaging? Remember "penny dreadfuls" and "dime novels" in the Victorian era, motion pictures in the 1930s, comic books in the forties and fifties, video games in the 1990s and 2000s – even dancing the waltz was once considered morally dangerous.

**Jem Eskenazi**  
London N3, UK

## OUTLOOK

## EAST ASIA

## Beijing fights back against a catkin fluff invasion

At an outdoor embassy event in Beijing recently, I was deep in conversation when I fell victim to the Chinese capital's early summer curse – catkins.

These airborne fluff-covered seeds, dispatched in their billions by the city's poplar and willow trees, create "snowstorms" from April onwards that clog up drains and car radiators and irritate eyes, noses and throats.

In my case, I must have inhaled one of the Malteser-sized frizzy spheres while I was talking – it sent me into an inconsolable coughing fit. I had to flee unceremoniously to a fuzzi-free environment inside to recuperate.

So seriously does Beijing take the city's annual outbreak of catkins, known as "maomao" or "fluff", that every year it launches a whole-of-government campaign to crush it, even enlisting military units stationed in the capital in the fight.

"Multi-party collaboration and concerted efforts have resulted in a solid defence line for the prevention and control of willow catkins," said the Beijing Municipal Forestry and Parks Bureau in April.

Ironically, Beijing's annual catkin crisis stems from a similarly obsessive central government campaign to solve a separate problem – desertification.

During Mao Zedong's rule, Beijing suffered an average of 26 days of sand or dust storms every spring, according to state media. In 1956, Mao initiated the "Making Green the Motherland" movement – a national campaign to

plant trees. In the end, Beijing settled on poplar and willow trees as the most drought-tolerant, fastest-growing and lowest-cost alternatives for the drive.

The frequency of dust storms fell to about three days a year after the 2010s. But they were replaced by "fluff-phoons", as the maturing new willow and poplar trees let loose their fuffballs en masse on windy days.

A survey conducted by the city's landscaping authorities found there were about 2mn female poplar and willow trees in Beijing's built-up areas as of 2017. (The female trees shed the seeds).

Catkins did not always have such a bad name in China. Historically, they were even romanticised as a symbol of grace and melancholy. One ancient story tells how a talented female poet, Xie Daoyun, compared floating willow catkins to fluttering snowflakes, winning praise in a family literary contest.

But these days, the annual *maomao* season, which lasts nearly two months, causes such general discomfort in Beijing that the municipal government regularly publishes "catkin alerts".

"During peak periods, reduce opening windows," it advises. Do not go out between 10am and 4pm and "after returning home, use a nasal irrigation device with saline rinse two to three times a day . . . Seek medical attention if severe itching or rashes occur."

People go to extraordinary efforts to ameliorate the problem – you can

even buy what resembles a face mask for cars, a kind of gauze cover that fits over the front grille to prevent it gumming up with fuzzy matter.

As part of its annual campaigns to tackle the issue, which have Maoist-sounding names, such as "Prevent catkins from becoming a disaster", the government prunes the trees, sprays them with a coagulant to compact the fluffy seeds, launches clean-up operations to sweep them from the ground and is developing new problem-free seedlings.

Like the Communist Party's community surveillance system, known as "grid-based management", which monitors society for unruly, criminal or dissident elements, the city has rolled out an extensive intelligence network to try to keep the restive fuzz balls in check.

In 2020, Beijing established 50 manual and 50 video monitoring stations. It also divided the area within the capital's fifth ring road into more than 280,000 grids of 50 square metres each for tracking purposes, and launched an anti-fluff app for the public to rat on the trees.

With the fluff season coming to an end, Beijingers can breathe a sigh of relief until next year. But this is one enemy of the public order that everyone would like to see quashed once and for all.

With additional reporting by Wenjie Ding in Beijing

joey.leahy@ft.com



by Joe Leahy

## Opinion

## China's tribute system and the new world order

Ray Dalio

I spent a month in Asia earlier this year meeting senior policymakers in China and elsewhere. I came away with the sense that a major shift in the world order is taking place for two reasons. First, America's handling of Iran's seizure of the Strait of Hormuz has led to widespread doubts among Asian leaders about Washington's willingness to endure the discomforts of fighting wars, especially on two or more fronts simultaneously. Second, it has also become clear that China is earning huge amounts of money from its exports, so Chinese companies and banks are building up large capital surpluses and accumulating buying power. This is exerting upward pressure on the Chinese renminbi relative to the US dollar and leading to its increased use for trade and capital transactions. Chinese investors and capital markets are

emerging as competitors to their American counterparts.

I have been visiting China for 42 years and am committed to mutual US-Chinese understanding. I believe it is essential to understand China's perspective, which is rooted in lessons from history as reflected in Confucian culture, the tribute system and Beijing's *Art of War* approach to conflict. Also, the century of humiliation in which foreign powers took control of large parts of China and exploited it — including Japan's occupation of Taiwan from 1895 until its return to China in 1945 — has deeply affected China's psychology and strategic direction.

The tribute system was informed by Confucian values — in particular the idea that order comes from having clearly defined hierarchical roles. Relations within it are not between equals, but between superiors and subordinates that recognise their relative positions. The more powerful ones in the hierarchy should treat the less powerful well, and the less powerful should treat the more powerful well, so that there is harmony. If a lesser power treats the

greater power inappropriately, the more powerful one punishes it, typically not violently but through pressure and deception. As Sun Tzu wrote in *The Art of War*, "to subdue the enemy without fighting is the acme of skill".

As an extension of these cultural beliefs, Chinese leaders do not seek to build empires to control other countries because they view doing so as ineffective.

Having power that one only needs to show, not use, is the greatest display of strength

tive. Their approach is quite different from what they see as the western approach of fighting to take over others' territories and trying to control them. This is the main reason that the US has 700 to 800 military bases in about 80 countries and China has only one.

The events of the past few months have already foreshadowed what this shift in power could look like in the

years ahead. Many foreign leaders have visited Beijing in person, or sent delegations, in order to build tribute-type relationships with President Xi Jinping — though nobody called them that. Reflecting this shift, Xi made clear to Trump, in the form of a veiled threat, that China would not appreciate planned US arms sales to Taiwan.

It is widely believed that Xi seeks some form of reunification with Taiwan under his leadership and will probably apply pressure to bring it about without a big military clash. Cheng Li-wun, the current head of Taiwan's Kuomintang party, the opposition party which is in favour of closer relations with China, met with Xi in Beijing in April and recently spent two weeks in the US, where she met members of Congress.

Because global leaders know that microchips are today's most important economic asset — more important than oil — and that the world depends on Taiwan's chips, there are increasing concerns about a threat to blockade the flow of chips from the island. This would be very bad for global stock markets (especially AI stocks), and

even a subtle threat would have the desired effect of showing its power without violent conflict.

A military blockade that stops chip exports is just one of many potential pressure-points China can exploit, but it is notable because the Chinese have a plan to be self-sufficient in chip production by late 2028, while the rest of the world remains dependent on Taiwan.

Given these circumstances, China could put the US into the awkward position of needing to choose between fighting or not fighting, with each choice not to engage leading to the perception of diminished US power, so that China can gain ground by simply making threats.

Having power that one only needs to show, not use, is the greatest display of strength. I expect this Chinese approach, rooted in Confucian tradition, to emerge as the new order in Asia — making the battle for control over its geopolitics so subtle that we might not even notice it being fought.

The writer is the founder of Bridgewater Associates and chair of the Dalio Family Office

## Big Tech's private subsea cables are a threat to everyone else

Elisabeth Braw

For decades, the world's under-sea cables have been owned by various companies: telecommunications firms, cable operators, content providers and government-owned outfits. But something is changing: US tech giants are installing their own cables — primarily for their own data traffic. That risks creating a two-tier system on the seabed, and dangerous dependencies on America.

"Just as Bermudian cedar was the 17th-century accelerator to make you a shipping hub, these submarine cables make you the digital exchange hub directly between North America and Europe," a Google executive told dignitaries in Bermuda earlier this month. The object of pride was the arrival of two state-of-the-art cables connecting the US with Europe. Both will also land in Bermuda, the British overseas territory situated in the north Atlantic. This will put the island at "the centre of global digital commerce", David Burt, Bermuda's premier, predicted.

It certainly will. The two new cables offer even faster transmission than many of the impressive cables on the world's seabed. In recent years Google has announced a string of such cables chiefly intended for Google traffic. The company's fellow hyperscalers Amazon and Meta have followed suit with their own seabed links. "This massive 320 terabit system (enough to stream 12.5mn HD films every second) will deliver fast and reliable cloud and AI services across the Atlantic," wrote Matt Garman, CEO of Amazon Web Services,

With major nations at loggerheads, who owns this infrastructure suddenly matters a great deal

when announcing the company's new Fastnet cable, which will link the US and Ireland. Meta is working on a 50,000km cable that will connect five continents.

The solo ventures are a sign of the times. When subsea telegraph cables were invented in the mid-1800s, their owners had to drum up funding from governments or private investors to cover the cost. Decades later, subsea cables came to be owned mostly by national postal services. In recent decades, shorter cables have primarily had a single owner, while long, multinational ones have been owned by consortiums. SeaMeWe-6, for example, connects south-east Asia, the Middle East and western Europe, and is co-owned by 16 companies.

But these days, US tech giants can easily afford to build their own cables. These companies generate enormous amounts of data traffic, and thanks to AI, this will continue to grow. It makes sense for them to install their own highways on the seabed. But it risks creating a two-tier system. Traditional cable owners will continue to transport general traffic, while hyperscalers will transport their own. How many cable owners will be willing to provide data highways for general use? It's like asking locals to look after a road open to all while a few rich citizens operate their own shiny new one.

Then there's the matter of national security. "Do you not think that it is absolute insanity that a key piece of critical national infrastructure is going to be delivered and owned by tech giants, over which we have no control in the UK?" exclaimed Mike Martin, a Liberal Democrat member of the UK parliament, at a recent inquiry. Ten years ago, cable ownership would not have mattered much. Now, with the world's major powers at loggerheads, it suddenly matters a great deal. The US and Chinese governments are already trying to curtail each other's involvement in subsea cables. What would happen if, say, Donald Trump commanded US-based companies to suspend certain countries' access to their cables? He has already suspended foreigners' access to some Evergreen models.

The anti-rivalry of tech giants' services means the business case for solo seabed highways will only grow. Internet users outside the US should start to consider how their own choices impact the global power balance.

The writer is a senior fellow at the Atlantic Council and advises M&C Saatchi World Services

## Is there a point to Berkshire Hathaway?

FINANCE

Robert Armstrong



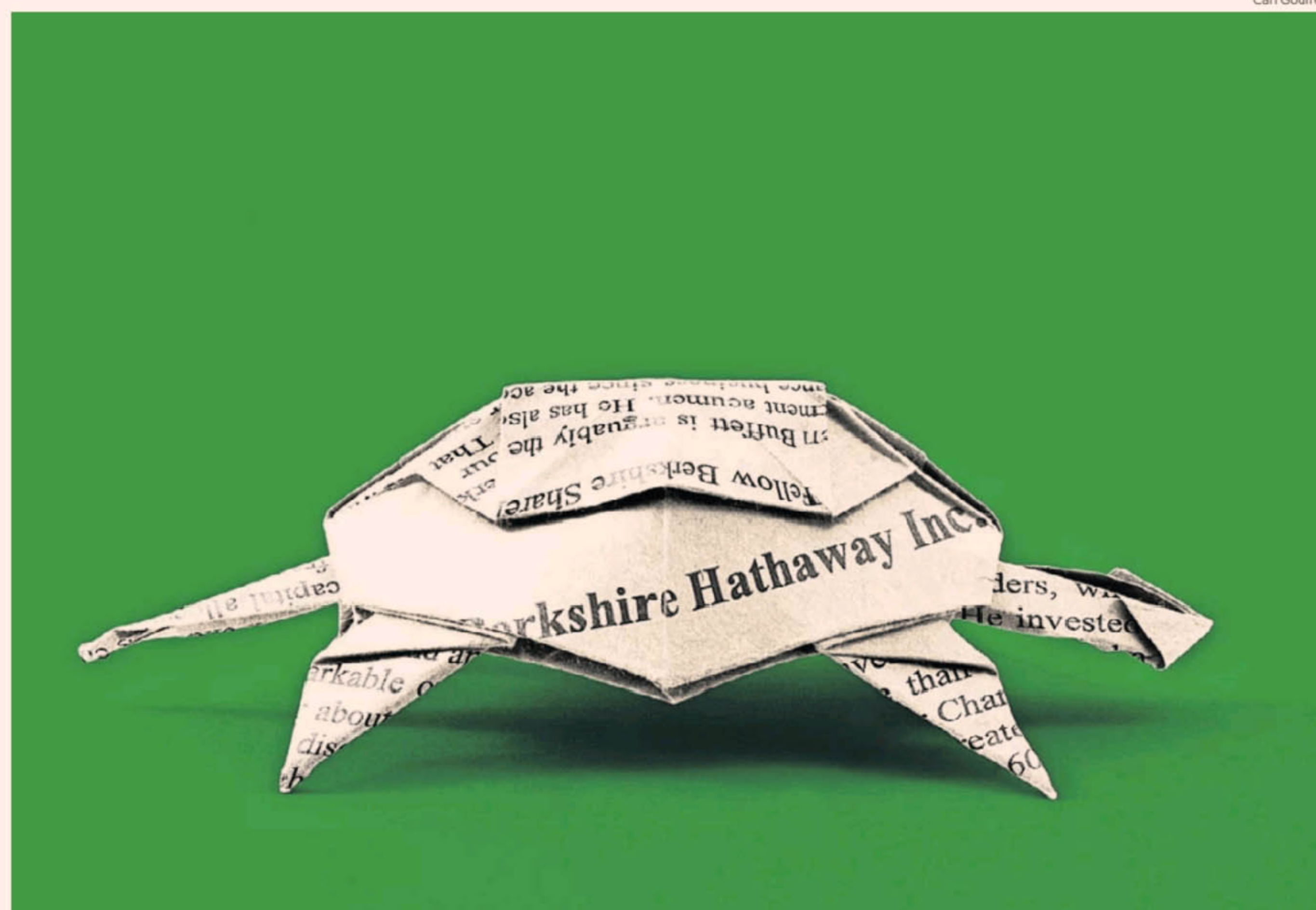
Warren Buffett, not only the greatest investor but the most charismatic corporate leader of our time, stepped down as CEO six months ago, replaced by Greg Abel. So it is time to ask an old question again: what — beyond symbolism — is the point of Berkshire?

There is one straightforward if slightly dreary answer to this question. Berkshire is less volatile than the S&P, which is useful for some risk-sensitive investors (though, ironically, Buffett has railed against confusing volatility with risk, which he thinks means risk of loss). It also pays no dividends, making it more tax efficient for investors who don't need income. So you might think of Berkshire as a no-fee, low-volatility, tax-efficient mutual fund that is very unlikely to out or underperform the S&P 500 over long periods of time.

That's not a trivial recommendation. In fact it sounds like a product I would like to own. But is it enough, given what Berkshire means? Is matching a passive index, while keeping a few dollars from the tax man, the absolute best that fundamentally driven, patient and principled investing can do? This is depressing, if true.

And there is an even less flattering way to read Berkshire's recent performance: that it trades like an insurer, which is what it is, despite its unusually large investment portfolio. Over the past five years, Berkshire has traded largely in step with the S&P 500 property-casualty index, slightly underperforming it.

I hope Abel will aim higher. But based on the experience of the past decade and



a half, that will require making substantive changes.

The first and most important is to forget the idea that Berkshire has a meaningful advantage in putting capital to work in major market "dislocations", as Abel recently put it. That didn't turn out to be particularly true in the great financial crisis — Berkshire shares only outperformed by a little in the 10 years that started with the 2007 market collapse, and its equity value per share growth was historically average in that period, too. It is surely less true today.

Large asset managers like Blackstone and Apollo have become conduits for global liquidity. They will be looking to put big money to work quickly in the next crisis, if the Fed does not open a liquidity window first. Berkshire's days

Waiting for the next crisis to create opportunities is not the strategy for creating above-average returns

of providing "Friday night money" at exorbitant rates to good businesses in distress are probably over, just as its days of buying "dollars for 50 cents" (unpopular companies with value hidden on the balance sheet) ended many decades ago. Waiting for the next crisis to create opportunities is not the strategy for creating above-average long-term returns.

There may be other ways it can press its advantages, though. One is to lean into its identity as an active manager, especially in its portfolio of public equities. Berkshire is unique among insurers for the size of its equity holdings, which regulators tolerate because of its deep financial reserves. If the dominance of tracker funds can make it harder to outperform the index in the short term, they must also create long-term opportunities to take concentrated positions in misunderstood companies. In short, Berkshire should act more aggressively on its convictions. It has already proved that it can move quickly and at scale. The company added about a billion Apple shares to its portfolio between

late 2016 and early 2018, a terrific, bold investment. More concentrated bets like this will make earnings more volatile but, to Buffett's point, the whole point of being a long-term investor is looking past volatility.

The second, related advantage has to do with Berkshire's access to cheap capital, either sourced internally or from the markets. Its recent acquisition of the homebuilder Taylor Morrison for \$8.5bn gives a hint at what is possible. America has a housing shortage but homebuilding is a fragmented industry that has to pay a lot for growth capital, in part because investors still remember the housing bubble. Berkshire has an opportunity to be a consolidator, rolling up smaller players and giving them an edge in cost of capital. In short, it can become a business-builder as well as a business buyer and manager — a private equity fund but with an infinite time horizon.

The world needs Berkshire's leadership, so Berkshire must change.

robert.armstrong@ft.com

## Europe's emissions trading system is not working for industry

Lakshmi Mittal

Earlier this year, the European Commission signalled it was willing to do something that previously would have been rejected as politically impossible — relax the emissions trading system, the EU's flagship climate policy, for industry.

This development, which comes at the same time as the EU recommitted to reducing the continent's CO<sub>2</sub> emissions by 90 per cent by 2040, is an acknowledgment that the policy isn't working as it should.

The ETS — which puts a price on CO<sub>2</sub> emissions — has been a foundational pillar of the EU's ambition to lead the world on the energy transition. It offered a mechanism to punish emitters and incentivise decarbonisation, while allowing Europe to establish a lead in lower-cost, greener energy.

In some sectors, it has delivered results. The most obvious example is power, where technologies have become commercially scalable and, in many cases, cheaper than fossil generation. Emissions from EU27 power and heat plants have fallen by about 49 per cent between 2005 and 2023.

But it is not working for energy-intensive industry. Witness European steel, where only limited decarbonisation projects have been given the go-ahead. Low-cost, low-emission energy sources for steel and other energy-intensive sectors remain elusive. Decarbonisation enablers such as competitive electricity prices, low-cost green hydrogen, carbon contracts for difference, "green premia" for steel, and carbon capture and storage are not in place. No company can afford to invest without a credible path to competitiveness.

Moreover, Europe is in effect alone in charging a significant cost for CO<sub>2</sub> emissions. And contrary to hopes, energy prices in Europe are much higher than elsewhere. European industry has therefore lost competitiveness, not just in its own market but in export markets,

which provided a large source of growth.

Against this backdrop, the issue of greatest concern for the steel industry and other "hard to abate" energy-intensive industries is the rapid and large increase in planned ETS costs over the next five years. By the early 2030s, assuming no free CO<sub>2</sub> allowances and a carbon price of €150 a tonne, we calculate the cost of steel made in the EU will

Its higher costs will pass down the value chain, causing a decline in competitiveness

have increased by about 50 per cent. This will be a direct result of the additional CO<sub>2</sub> costs imposed by the ETS.

This in turn will have profound implications for steel-intensive manufacturing. EU manufacturers will have higher ETS costs, yet it remains unclear when steel-intensive imports will bear comparable costs. Nor has the Commission implemented a proposed rebate to

remove these costs from exports of steel-intensive goods (which happens, for example, for VAT).

These higher costs will pass down the value chain, causing a decline in competitiveness and activity, accelerating deindustrialisation, collapsing investment and a further reduction in manufacturing employment in Europe. This would be directly at odds with the objective, set out in the EU Industrial Accelerator Act, of increasing manufacturing as a share of GDP to 20 per cent.

We estimate that under an ETS "as is" scenario, the impact could be a 30 to 40 per cent decline in EU manufacturing activity, with implications along the value chain for up to 5mn jobs.

This outcome has to be avoided. A way of incentivising decarbonisation without compromising competitiveness must be found. It is not an easy problem to solve, but reform of the ETS is vital and we applaud European policymakers for putting the topic back on the agenda. Key steps to support Europe's steel sector have already been taken; in January the carbon border adjustment mechanism was introduced, and the

tariff-rate quotas will be introduced on July 1. Fixing the ETS is the final piece of the puzzle.

Decarbonisation is the goal everyone seeks, but the solution for the steel industry lies in pausing the ETS at its current level until the enablers of economically viable decarbonisation are in place and core issues of import and export competitiveness resulting from unintended consequences are resolved.

During that period, it will be important to ensure ETS revenues are used for industry decarbonisation, and that first movers continue to be incentivised and not penalised. Only then will our industry be able to responsibly contribute to Europe achieving its 2040 emissions reduction targets while maintaining a vibrant, competitive manufacturing sector — an aim we all want to achieve. The choice is not between climate ambition and competitiveness. It is between a climate strategy that strengthens Europe's resilience and economic security, and one that hollows it out.

The writer is the executive chair of ArcelorMittal

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