



Bear hug

India's push to Act Far East strengthens relations with traditional ally Russia

Unveiling the Russian edition of India's 'Look East, Act East' policy, Prime Minister Narendra Modi pledged on Thursday to extend a \$1 billion Line of Credit to Russia's Far East region (RFE). Speaking at the Eastern Economic Forum in Vladivostok, set up by Russian President Vladimir Putin to attract investment to the farthest outlying East Siberian and Arctic-pole areas of the country, Mr. Modi said that the announcement of the LOC, expected to help finance Indian business projects in the region, will be the "take-off point for Act Far East", and will further strengthen bilateral ties. Mr. Modi's visit saw several initiatives being launched towards increasing the value of economic ties between the two countries, which, at approximately \$10 billion in terms of bilateral trade, lags far behind their strategic partnership and defence relationship. In the past year alone, India has contracted defence deals worth about \$14.5 billion from Russia. Chief among the 50 agreements signed this week were those on energy exploration and procurement, including a specific MoU on cooperation on LNG supplies to India, and a maritime route from Vladivostok to Chennai which will be used for energy trade as well. The two sides also agreed on a five-year 'roadmap' for cooperation on prospecting for hydrocarbons and LNG in the Far East and the Arctic, building on a history of Indian investment in oilfields in the region.

Beyond the bilateral aspect, the PM's pivot to Russia's Far East has far-reaching strategic implications. The emphasis on energy from this region is as much a bid to benefit from explorations and trade routes in the Arctic that are becoming accessible due to global warming, as it is reflective of India's desire to diversify its energy sources away from an unstable West Asia. The investment in the Far East, which is often neglected given that Russia is seen as a European power in the post-Soviet era, also underlines India's desire to draw Russia into its strategic forays in the Indo-Pacific. The government has said it welcomes cooperation with other countries for investments in RFE, notably Japan, which has in the past few years warmed up to Russia, despite their bitter territorial dispute in the region. This interest is seen as India's attempt to not only keep a traditional friend close, but to ensure some space in the current clinch between Russia and China. China's cross-border investment in RFE accounts for 71% of the total direct foreign investment of \$33 billion. Above all, the push to 'Act Far East' allows India to demonstrate its commitment to an area of concern for Moscow, thus reassuring its traditional partner that in an increasingly polarised world, India is confident of working with multiple alignments, even if they are at cross purposes with each other.

Easing the pressure

The best response to the Hong Kong discontent will be a policy of accommodation

The withdrawal on Wednesday of Hong Kong's controversial extradition Bill, which intended to hand over suspected criminal offenders to other jurisdictions, has raised hopes for a welcome, even if temporary, pause in tensions. The reversal has bought Beijing, which had begun mobilising paramilitary forces in neighbouring Shenzhen city, time to deal with the political and economic fallout from the intensifying protests. All the same, the decision by Carrie Lam, the city's Chief Executive, has infused momentum to the pro-democracy campaign that is coming to be referred to as the 'Water Revolution'. While Ms. Lam dithered and delayed a decision for nearly three months, the protesters expanded their charter of demands, in effect to question the 'One Country, Two Systems' policy. Their calls for a judicial investigation into the government's handling of the crisis and alleged police violence are bound to grow louder after the roll-back of the infamous Bill. But the most potent of them all, perhaps, is the right to universal suffrage, which was originally championed under Hong Kong's 2014 umbrella movement, but effectively neutered by the government. The demand will doubtless prove pivotal to the current campaign. But a genuine exercise of the franchise may also be among the last concessions protesters are likely to extract from Beijing any time soon.

President Xi Jinping would be acutely aware of the implications of major loosening of policy as the 2047 expiry of Hong Kong's special status approaches. The risks are no less of possible spillover effects in Taiwan, whose government is wedded to independence from China. The 'Water Revolution' has so far managed to broaden its appeal among millions, transcending social classes and across different generations. As with other recent political uprisings, building a cohesive leadership and strategy might turn out to be its biggest challenge. In a sign of the unstable economic and business environment ahead, Hong Kong's GDP growth in the previous quarter was the slowest since the financial crisis. Fitch, the credit ratings agency, on Friday lowered Hong Kong's ranking from AA+ to AA, even as it underscored the city's strong financial buffers. Given its position as Asia's leading financial hub, prolonged uncertainty in Hong Kong can aggravate the current harm to global trade from the escalating tensions between China and the U.S. Mr. Xi has embarked on an aggressive policy aimed at China's economic, technological and strategic dominance. His stance vis-à-vis Hong Kong will provide important clues to the political dimension of that approach. The current discontent, however, poses a far more immediate challenge. An accommodative policy might serve the best overall interest.

Calls of duty that'll hurt the U.S. economy

The Trump administration's latest set of tariffs, and China's retaliatory levies, take the world closer to a slowdown



BISWAJIT DHAR

Over the past few weeks, the trade war between the U.S. and China has seen a significant escalation. On August 20, the U.S. administration notified its decision to impose 15% tariffs, in two phases, on imports valued at \$300 billion. The latest round of tariff increases implies that the country has imposed tariffs on almost all of its product imports from China, totalling nearly \$540 billion in 2018. Pharmaceutical imports are the only major exception.

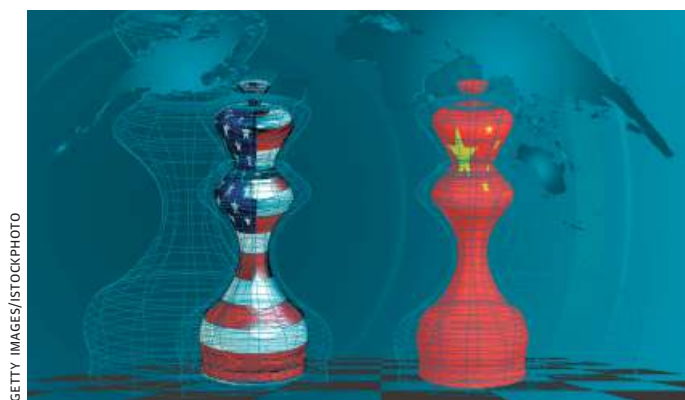
Immediately after the U.S. administration issued the notification, China announced additional tariffs on more than 5,000 products imported from the U.S. valued at \$75 billion. The sensitive sectors of agriculture and forestry were targeted. Tariffs were also hiked for the first time on crude oil. On September 2, China raised the ante further by initiating a dispute in the World Trade Organization (WTO) against the U.S.'s unilateral tariff increases.

Earlier, the U.S. administration had targeted China primarily for what it perceived to be violations by the latter of intellectual property rights (IPRs) of American companies. The administration's argument was that Beijing was forcing these companies to transfer their proprietary technologies. In fact, on this issue, the U.S. became the judge and the jury by indicting China for indulging in "forced technology transfer" and then

bringing penal provisions against its imports using the provisions of the Trade Act of 1974. The provisions of this Act (like Section 301) allow the U.S. to "investigate" any country which, in its opinion, has violated IPRs of American companies. If found "guilty", the violating countries can be sanctioned with trade retaliation. The tariff increases against Chinese products were tantamount to trade retaliation. It needs to be further mentioned here that Section 301 actions are a violation of WTO rules as disputes must be resolved by the organisation's dispute settlement mechanism.

'Currency manipulator' label However, while triggering the most recent escalation, the U.S. administration not only violated the spirit of multilateralism, it also shifted the goalposts. This time, the action was triggered when the U.S. Secretary of Treasury, Steven Mnuchin, invoked the provisions of Section 3004 of the Omnibus Trade and Competitiveness Act. This Section authorises the Treasury Secretary to examine whether the U.S.'s trade partners are manipulating the "rate of exchange for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade".

Earlier, Mr. Mnuchin had in August called the U.S.'s largest trade partner a "currency manipulator", the first time Washington used the label against any country since 1994. Mr. Mnuchin's determination was based on a report presented to the U.S. Congress last year that concluded that China's "exchange rate practices continue



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to lack transparency, including its intervention in foreign exchange markets", although it found that "direct intervention in foreign exchange markets by the People's Bank of China" over the past several months was limited. Beijing was targeted for the "long history of facilitating an undervalued currency through protracted, large-scale intervention in the foreign exchange market," said the Department of Treasury.

The latest action by the Trump administration raises at least two sets of issues. The first concerns its pursuit of unilateralism, an anathema in the post-War economic governance framework underlined by the principles of multilateralism. Since the coming of the Trump Administration, the U.S. has repeatedly undermined these principles. The country has challenged the framework of multilaterally agreed rules in two ways — first by not allowing WTO members to conduct negotiations so that the rules respond to the needs of the members, especially the lesser developed countries; and second, by making the dispute settlement mechanism non-function-

al. A critical component of the dispute settlement mechanism is the Appellate Body, which needs seven members to function effectively. But the U.S. administration has refused to allow retiring members of the Appellate Body to be replaced by new members, and this has brought the dispute settlement mechanism to the brink.

Second, nearly a year and a half after the trade war was officially announced in Washington, one question that begs an answer is: Have the American people gained anything from the exertions of the administration? Are there any signs that President Trump's vision of 'Making America Great Again' is gaining further traction?

Small impact on trade deficit

We will consider the pattern of trade flows over the past year to see if tariffs were able to reduce U.S.'s dependence on China. In 2018, almost nine months of which saw the trade war playing out, the U.S.'s trade deficit vis-à-vis China reached a record high of over \$419 billion, nearly 12% higher than that in the previous year and the steepest increase since 2010.

In the last five months of 2018, when the tariffs were introduced by both countries, the trade deficit was \$196 billion, 15% higher than that in the corresponding period in 2017. In other words, the tariffs did not reduce the deficit. In the first half of the current year, the U.S.'s trade deficit reduced by about 10% and while imports from China declined by \$31 billion, exports to China also declined by \$12 billion. Thus, the U.S. was not left untouched by the trade war.

There is hardly any doubt that the latest round of tariff increases would hurt the U.S. economy even more since China has targeted agriculture and crude oil, two of the most sensitive sectors. An impact on these sectors could adversely affect President Trump politically because people and companies associated with these areas are among the President's major funders. Further, since the current round of tariffs target products like garments, toothbrushes, footwear, toys and video games, the U.S.'s consumer goods markets would be impacted quite considerably. Clearly, the administration is worried about the price increases following the imposition of tariffs on some of these goods, a reason it has postponed the tariff increases until after the Christmas purchases.

The timing of the latest escalation could not have been worse; it could bring the global economy closer to an economic slowdown, much earlier than its predicted onset in 2020.

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Empowering primary care practitioners

It is important to reclaim health care from ivory tower structures called 'hospitals' and incentivise general practitioners



SOHAM D. BHADURI

What is special about Japan in the context of health-care services is that it managed to contain the clout of specialists in its health-care system and accorded a prominent voice to its primary care practitioners (PCPs) in its decision-making processes.

Hospitals, for the early part of Japan's history with modern medicine, catered only to an affluent few. The government limited the funding of hospitals, restricting them to functions like training of medical students and isolation of infectious cases. Reciprocal connections between doctors in private clinics and hospitals were forbidden, thwarting the possibility of the two groups creating a strong nexus; on the other hand, a sturdy lobby of clinic-based PCPs evolved to tip the balance in favour of primary health care. The Japanese Social Health Insurance was implemented in 1927, and the Japanese Medical Association (JMA), then dominated by PCPs, was the main player in negotiating the fee schedule.

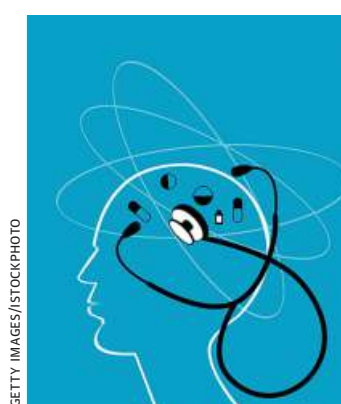
In India, on the contrary, a hospital-oriented, technocentric model of health care took early roots.

Building urban hospitals through public investment enjoyed primacy over strengthening community-based, primary health care. Alongside this, a private sector with rampant, unregulated dual-practice system (doctors practising in both public and private sectors simultaneously) flourished. This allowed doctors to constitute a powerful group held together by coherent interests. This influential doctors' community, which saw a lucrative future in super-specialty medicine, buttressed the technocentric approach, which also happened to concur with the tastes of the affluent and the middle class. This trajectory of events has had an enormous impact on the present-day Indian health care.

Focus on hospitalisation

While the well-to-do section has always rooted for 'high-tech' medical care, this preference has now trickled down to even the suburban section, which lacks the wherewithal to pay for such interventions. Colossal health insurance schemes like Ayushman Bharat that harp on providing insurance to the poor largely for private hospitalisation — when the most impoverishing expenses are incurred on basic medical care — are at least partly influenced by the passionate popular demand for the so-called high-quality medical care and bespeak the deformity in the health-care system today.

The way this has affected medi-



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cal manpower and its dynamics also warrants attention. It took 37 years after the landmark Bore Committee report (1946), which highlighted the need for a 'social physician' as a key player in India's health system, to finally recognise family medicine as a separate speciality — and another decade and a half to actuate a postgraduate residency in family medicine.

The highest professional body representing doctors in this country, the Medical Council of India (MCI), itself came to be dominated by specialists with no representation from primary care. There is a proposal to replace the MCI with a National Medical Commission (NMC) but the situation is unlikely to be much different with the new organisation.

The current opposition to training mid-level providers under the NMC Act 2019 is another example of how the present power struc-

ture is inimical to primary health care. Despite the presence of evidence proving that practitioners of modern medicine (say medical assistants) trained through short-term courses, like those of a 2-3 year duration, can greatly help in providing primary health care to the rural population, any such proposal in India gets robustly opposed by the orthodox allopathic community. Proposals to train practitioners of indigenous systems of medicine, like Ayurveda, in modern medicine are also met with similar opposition.

Such medical assistants, and non-allopathic practitioners, have time and again been written-off as 'half-baked quacks' who would only endanger the health of the rural masses. Such criticism ignores the fact that nations like the U.K. and the U.S. are consistently training paramedics and nurses to become physician assistants or associates through two-year courses in modern medicine.

Examples of U.K., Japan

Many countries, including the U.K. and Japan, have found a way around this by generously incentivising general practitioners (GPs) in both pecuniary and non-pecuniary terms, and scrupulously designing a system that strongly favours primary health care. What this careful nurturing has meant is that while a community of professionals in our part of the world has thwarted positive change, profes-

sionals of the same community in these countries have helped defend that very positive change.

Three broad takeaways emerge. One, it is imperative to actively begin reclaiming health from the ivory towers called 'hospitals'. This could help in gradually changing the expectations of the layman and reversing the aspirations of medical professionals from being unduly oriented towards high-tech, super-specialty care. Given the current trends, however, this looks like a far-fetched possibility. Two, we need to find a way to adequately empower and ennoble PCPs and give them a prominent voice in our decision-making processes pertaining to health care. This can create a bastion of primary health care professionals who can then fight to keep their enclave unscathed. Three, a gate-keeping system is needed, and no one should be allowed to bypass the primary doctor to directly reach the specialist, unless situations such as emergencies so warrant. It is only because of such a system that general practitioners and primary health care have been able to thrive in U.K.'s health system. In view of the current resurgence of interest in comprehensive primary health care in India, one earnestly hopes that these key lessons will be remembered.

Dr. Soham D. Bhaduri is a Mumbai-based doctor and Editor of the journal 'The Indian Practitioner'

LETTERS TO THE EDITOR

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Silencing Opposition

Politics apart, it was agonising to read the news item "Chidambaram sent to Tihar jail till Sept. 19 in INX Media case" (Front page, Sept. 6). One wonders whether the Bharatiya Janata Party government, empowered by the massive mandate it has received, finds it par for the course to hound political opponents. The message seems to be that rather than engage in debate and dialogue on issues like the dilution of Article 370, the National Register of Citizens and the merger of Public Sector Banks, the country should just swallow the pills without a yell.

R.M. MANOHARAN,
Nabadwip, Nadia district, West Bengal

Call for CVs

The Jawaharlal Nehru University (JNU)

administration's recent move to seek the CVs of 12 emeritus professors is an attempt at harassment and humiliation. Emeritus professors are in a position to offer their teaching services without the many encumbrances faced by serving professors. They shouldn't be asked to submit any evidence of their abilities — their selfless service is sufficient to prove their worthiness. Perhaps the main apprehension of the JNU top brass is that these eminent minds have been critical of the establishment. The powers that be may not like their voices but the student community has an inherent urge to listen to them. Dissenting voices have to be heard in a pluralistic society.

CHANGHAL NANDY,
West Burdwan, West Bengal

Teaching profession

In his article "Teaching in the time of consumerism," Krishna Kumar has pointed out the reasons the Indian youth are reluctant to take up a teaching job. The field of teaching has undergone a paradigm shift in the last 40 years. When late Prime Minister Indira Gandhi requested scholars settled in other countries to contribute to their respective fields in India, most of them expressed their willingness. Teaching for them was a passion, a service, and not just a job that paid a salary. At present, when everything is evaluated in terms of its monetary value, it is unsurprising that not many want to enter the teaching profession. The irony here is that while parents want their children to be taught by the best teachers, they

are averse to seeing them aspire to become teachers.

SATYENDRA SRIVASTAVA,
Delhi

■ In this day and age of cut-throat competition, coaching institutes have turned out to be a thriving industry. But to call them the "underbelly" of the education system, as Mr. Kumar does, is unfair and unjust. The very fact that there is a spurt in the growth of such institutes is clear indication that schools in the country aren't equipped enough to train the students for career-oriented competitive exams. There is no denying that coaching institutes with their exorbitant fee structure and 'spoon-feeding' pedagogy have all the more encouraged rote learning. But there are also centres compassionate enough to

lend a helping hand to those potential candidates who can't afford the high fees, thus helping them realise their dreams. There are instances of ex-IAS officers and IIT graduates running such institutes after leaving their illustrious careers. They take up teaching for the sheer joy of it, with the intention of giving something back to the society and shaping young minds.

ASHWINI MENON,
Kochi

Ill-advised move

As a retired executive of a Public Sector Bank, I hold the view that the proposed bank mergers are both ill-timed and poorly thought-

out (Parley, "Will PSB mergers alter the banking scenario," Sept. 9). Though the Finance Minister has assured that there won't be any job losses, there could be truncation of staff strength in the future due to a reduction in recruitment of personnel. Poor credit growth, weak recoveries and ever increasing Non-Performing Assets are plaguing the system. But the government, in a rather tone-deaf manner, is going ahead mechanically with its agenda of bank consolidation.

R.S. RAGHAVAN,
Bengaluru

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CORRECTIONS & CLARIFICATIONS: The picture that accompanied the report, "Fashion influencer Ferragni steals the show" (Life, September 6, 2019), is not of Chiara Ferragni.

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