

THE BROOKINGS INSTITUTION

GLOBAL ECONOMY AND DEVELOPMENT PROGRAM

Inaugural Global Agenda Forum

Global Outlook Speech

Featuring

N.R. Narayana Murthy, Founder of Infosys, Chairman of the Board
and Chief Mentor

Antoine van Agtmael, Chairman and Chief Investment Officer,
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MR. TALBOTT: Okay, everybody, good morning. Everybody definitely has my thanks for braving the elements and being with us this morning. I'm Strobe Talbott and it's my pleasure to welcome you to the beginning of our Inaugural Global Agenda Forum.

The purpose of today's event is substance, and I'll come to the institutional purpose in a moment. It is to give us a chance to review together a range of issues that are associated with the phenomenon of globalization, and to do so, particularly looking out over the next year or so.

Those issues include a couple that several of us were talking about over breakfast this morning such as the divide between those in the world who feel like winners of globalization and those who feel in some way disadvantaged by globalization; a divide, by the way, that exists here in the United States, as well as in the world at large.

We're going to talk about the implications of globalization for rising powers, like China and India. We're going to talk about the implications for the ability of the United States to remain competitive in a globalized economy, and development issues, particularly with regard to the very poor parts of the world with special attention, of course, to Africa. We're going to look at more effective ways of increasing the

quality of foreign assistance, and we're going to look at trade issues, including the future of the WTO. Just a quick word on the mission of the Brookings Institution over the past 90 years; we see it as part of our charge to try to take the policy debate in new, constructive and responsible directions, and to examine skeptically, and at the same time constructively, basic assumptions on which policy is being conducted.

And that is also very much the mission of our newest research program, global economy and development or GED, whose nickname in the building is simply "Global". This new program is lead by one of our outstanding senior fellows, Lael Brainard, who is here today, and you will be hearing from her insofar as you can make out her efforts to overcome the consequences of a winter cold.

But even when she's losing her voice, Lael is very worth listening to and will have a lot to say during the course of the day. And she's also going to help guide the discussion as we go from one panel to the next.

I'd like to single out, if I could, before turning the podium over to a colleague, three people who are here, and one is our trustee, Bob McNamara. Bob is not the only trustee in the room today, but he has been part of the governance of this Institution for a very long time, indeed, and he knows a little bit about the fight against global poverty. So, Bob, thank you so

much for being here with Diana this morning and part of the conversation.

I want to say a special word of welcome to Narayana Murthy. He is, as you all know, the founder, the Chairman of the Board, and the Chief Mentor of Infosys Technologies, Limited. Narayana was good enough to extend his personal and corporate hospitality to me and several of my colleagues when we were in Bangalore a couple of years ago, and I very much appreciate the chance to be part of welcoming him here at Brookings today.

And finally, just a quick word about Antoine van Agtmael; when Antoine was working at the International Finance Corporation some years ago, he was the one who coined the term "emerging markets", and he did so not just because it was a more polite, less condescending synonym for developing countries, but because he felt the word "emerging" described a very real and positive phenomenon in the world. And he went on to found a very successful firm of that name, Emerging Markets Management, LLC.

Antoine is a friend, a colleague, a trustee, and the founding chairman of our International Advisory Council, which makes him I guess one of Brookings' chief mentors. He is also the author of a very fine new book, only one copy of which, unfortunately, is available on display outside, but many copies of which are available at Kramers, Politics and Prose and other stores around town, and it is called, not surprisingly, Emerging

Markets Century. It has been widely praised, and Antoine's book features Infosys as a world class company, which I think makes it especially appropriate that he should formally introduce Mr. Murthy to you this morning. Antoine, over to you.

MR. VAN AGTMAEL: Thank you, Strobe. It is truly an enormous pleasure, and might I say honor, to introduce Narayana Murthy here today. Simply put, Murthy is not only one of my heroes, but one of my role models. Now, if you think this is an original thought, think again, because he is a role model to, I would say, millions and millions of Indian students, entrepreneurs, businessmen and software engineers all over.

He has been praised by so many and the list of accolades is so long that I could stand here probably for 20 minutes to go through it. But may I just say that, for example, CNN Time voted him as one of the 25 most influential businessmen in the world.

He is, I believe, a unique individual. I have known that since I first met him well over a decade ago, when we were both at the India Growth Fund. And I was sitting there, and suddenly I heard someone I didn't know at all ask these really smart questions about benchmarking and transparency.

These were concepts that at the time were not particularly popular in India. And it already showed the incredible global mindset that I think he had and still has. By the way, it was a fortuitous meeting because actually investing in

his company was a very good thing; it was one of the best performers in the world actually. He calls himself, and this I find very intriguing, a capitalist in mind and a socialist at heart, at least that's the way you put it to me once. And I think it's an apt description because he created not just Infosys, but also the Infosys Foundation, which takes a percentage of the profits and gives it to India's poor.

He clearly had his own ideas when he started in India. He once told me the story that he worked for a boss who had told him that he just basically had to do things the way he was told, and like any true entrepreneur, that's not the way he thought. The best revenge when you meet someone like that is always to create your own company, and he did.

And if it is his, let's say his hybrid nature, he went on to create jobs, to be exact, close to 70,000 now, I understand. Now, that's not the whole story because I understand that for every job in the India IT Industry, there are really ten jobs behind that. So you can call him the creator of 700,000 new jobs; I don't think that's anything to sneeze at.

He clearly had his own ideas hiring the best and the brightest based on a unique test, a "learnability test" that he created, creating campuses that rival Microsoft's, and conducting "values workshops". Again, this may seem ordinary to some of you, but it was not ordinary I think when he did it. So he basically

was, in his own way, a bit of a revolutionary because his ideas certainly were unconventional. The company he created, Infosys, by the way, is a company that I think everyone now has heard of. But certainly, most people hadn't heard of it many years ago. In fact, when he started, he had a hell of a time convincing people that it was possible to do this, not only inevitably so outside India. It took Infosys ten years, from '81 to '91, to grow from under 200,000 to 2,000,000, and then only 15 years to grow to what it is today; and that is basically a company of \$3,000,000 in sales.

Infosys is a company that, I think, has done just about everything right in a country where a lot was going wrong at the time of its founding. We easily forget that when Infosys was created, it took several years to get a telephone line; now everyone in India or virtually everyone has a mobile phone. That if you wanted to make a visit abroad, that you had to go to Delhi first to get the permission, that you needed a license for just about everything, that importing a computer was virtually impossible or certainly took years and years. Poverty was everywhere, but dreams to start new businesses were very, very scarce.

He proved Darwin dictum that is not the strongest, but the most adaptable who survive. He had to overcome tremendous odds, not just in India, but abroad, as I said. People here were

skeptical, too, initially, but he proved that skepticism wrong. In the process, I believe Infosys and Mr. Murthy have been instrumental in moving the mindset in India from closed toward open, from bureaucratic toward entrepreneurial, and even from fatalistic toward inspirational.

Globally, Infosys is a showcase of successful outsourcing and a key example of a firm that relies not on cheap labor, but on highly professional, competitive brain power. He has shown a new generation of entrepreneurs that it is possible to find success. In addition, it was his wife, Suda, I understand who gave him, and she was a software engineer at the time, who provided him with the secret nest egg, \$500, to create this incredible company. So, these are not small achievements, and an appropriate opening for this conference. Thank you.

MR. MURTHY: Thanks, Antoine, for those kind words. Thanks, Strobe, for your kind welcome. I have been asked to speak on globalization, the positives and the not so positives. Today, we live in a world where every nation that has something to contribute to the global bazaar can make the lives of her own people better, and make the lives of people everywhere better - the rich and the poor, the powerful and the not so powerful. Never before in the last 200 years did we have a situation where developing countries have had an opportunity to have their share of limelight as they have today.

Currently, measured on the basis of purchasing parity, more than half the GDP of the world comes from developing countries. For example, air travelers go from La Guardia to Ithaca by the Embraer air craft produced in Brazil; Wall Street firms run heartbeat systems developed by Indian software engineers; the Indian companies and the Indian operations of companies like Intel, Cisco and Texas Instruments filed more than a thousand patents with the U.S. Patents Office just in 2004 alone, and sophisticated electronic gadgets like iPods manufactured in China fill the shelves of Best Buy here in the U.S. All these are good examples of global integration and the contribution of the developing world to the global economy.

What is globalization? I will define it at two levels. At the macro level, it is about frictionless flow of capital, services, goods, and labor across the globe. It is also about global sharing of ideas, knowledge, and culture. It is about creating a shared concern for global issues like AIDS, poverty, and of course, the environment. Tom Friedman calls such a world a flat world, and I've been calling it a globalized world. At the microeconomic or the firm level, globalization is the paradigm that helps sourcing capital from where it is cheapest, investing where the returns are best, sourcing talent from where it is best available, producing where it is most efficient or most cost-effective, and selling where the markets are, without being

constrained by national boundaries.

There are many, many examples of globalization at the firm level. Infosys and IBM are two good examples. It is now theoretically accepted, not just practically, that trade between two countries helps both the trading nations. Ricardo proved that long time ago. There are several good examples of benefits of such trade. A World Bank report uses data to prove that countries that embraced international trade and opened the doors to foreign trade have grown much faster than countries that did not do so. If so, why is there skepticism about globalization? That is a good question to ask.

First of all, benefits of globalization have not reached a large mass of people in countries like China, India and Brazil. For example, India has 650 million people who live in villages. According to World Bank, over a third of Indians earn less than a dollar a day. Unfortunately, so far, globalization has not been able to create opportunity for these people. In fact, the era of globalization has been painful for these people. Such short-term pain is expected in the beginning, no matter what *ism* you follow. It is the task of courageous leadership to take tough decisions to take the country beyond those initial painful days so that everybody benefits. Having said that, at this point in time, globalization is seen in India and in parts of China where I travel very often (we have operations in China) as favoring the

middle class and the rich.

Secondly, the divide between the urban-middle-class and urban-rich on the one hand, and the urban-poor and the rural-poor on the other hand is becoming bigger and bigger. Let me give you a data point. Prior to 1991, the CEOs of companies in India were allowed a compensation of around \$2,000 a year. Today, there is really no limit to how much the CEO of a company can earn. Most of them get around half a million dollars a year. In other words, the CEO salary has increased by a factor of 250.

Because the CEO's salary got increased, the salary of other senior management staff of the corporation also got increased. Unfortunately, the salaries and the disposable income of lower level staff in the corporations have increased by a small fraction of the factor by which the CEO salaries have increased. Further, the earnings and the disposable income of the rural Indians have not increased by a factor anywhere near that of the CEOs. The result is increasing disparity between the urban-rich, the urban-poor and the rural-poor. Another example would be how the previous federal government in India, that is the BJP government, which ruled India between 1999 and 2004, lost the elections because they came out with an advertisement campaign that focused on 'India Shining'. The rural people were very upset by the fact that BJP was talking about India Shining when, in fact, most of India didn't shine at all, because most of India

lived in rural India.

The third reason why there is considerable skepticism about globalization is because the growth rate in agriculture has come down from 3.2 percent prior to 1995 to 1.9 percent in the last few years. Given that the inflation is today has been around four to seven percent in India during the same period, the disposable income in the hands of the Indian rural-poor has gone down in a dramatic manner.

Fourth, the contribution of agriculture to the Indian economy has gone down from 34 percent during the eighties to between 25 and 26 percent today. In other words, a whopping 650 million people generate only around \$230 billion. Thus, the earning power of these people is less than 40 percent of the per-capita GDP of the country which already is very, very low.

So, there is a sense of anxiety amongst the poor, who have unfortunately linked their situation with globalization, with integration of India with the global market, and with the entry of multi-nationals into India. This is wrong. But, these people have not been suitably enlightened by their leaders. Of course, you really can't enlighten people whose stomachs are hungry. In other words, not much has been done to improve the quality of their lives.

There is an important reason why Indian leaders have failed to enlighten their rural poor about the reality. That is,

while the economic strength in India is with urban India, the electoral strength is with rural India since 65 percent of the people live in rural India. So, the politicians, in a democracy like India, are confused. On the one hand, they realize that the voting strength is in rural India, most of whom earn less than dollar a day and is undergoing tremendous difficulties, and, on the other hand, they realize that creation of more and more jobs for the poor requires that India embraces globalization, and that they have to encourage urban India to become more and more integrated with the global markets. In the short term, it is a big dilemma.

There has also been a certain fear in India that staple items like rice, tea and tamarind which India has been using for thousands of years, are now being patented by multinational companies in advanced countries like the US. People wonder whether these staple food items will become more expensive for them if MNCs start claiming rights over these essential commodities used for thousands of years. This issue has to be addressed in a manner that is fair to all the parties concerned.

Now, what is it that can be done so that globalization indeed benefits the whole of India? There is no doubt that globalization is good. At least, I believe in globalization. Our challenge is to make sure that it is good for everybody. To do so, we have to take up a few initiatives on an urgent basis.

First of all, I believe we have to enhance the agricultural growth rate in India. This can be done by providing subsidies to a better portfolio of fertilizers, by ensuring that there are better market pricing mechanisms, and by allowing our farmers to access export markets. Let me elaborate a little bit on each of these.

Marketing pricing of agricultural commodities is very important if we want our farmers to enhance their disposable income. The government, in her zeal to contain inflation, has not allowed the agricultural prices to go up in the last seven or eight years. On the other hand, the inflation has eaten severely into the disposable income of farmers.

The farmers are not even allowed to export any of their products even though the international prices of some of the commodities they produce is higher than their domestic prices in India. The farmers are upset that the government is neither allowing them to export and get better realization nor have they been allowed to get better domestic prices. We have to resolve this issue soon.

Second, I believe that India, like China, has to focus more on low-tech manufacturing because that is how we can create jobs for the majority of poor and illiterate Indians. China has created about 145 million jobs in the last 11 years or so. And if we really want to create jobs for the rural poor, I believe this

is the only way to move forward. However, India should continue her focus on high-tech manufacturing stuff or high-tech services stuff.

These low-tech manufacturing jobs will have to be created in rural India. Hence, we have to create better infrastructure in the rural areas - power, roads, ports and airports so that these jobs can, indeed, go to the rural poor.

We have to continue to work on better education, better health care and better nutrition. This requires us to focus on private-public partnerships which I believe will be in a position to bring a better sense of efficiency to government services which today are not at all efficient.

We have to, as I was discussing earlier at the breakfast, educate our politicians about the benefits of globalization. Finally, I believe that countries like U.S. will have to demonstrate their unquestioned leadership in international trade by being less "protectionist" about issues that affect a small number of farmers. My wife and I travel a lot in rural India. Almost everywhere farmers come up to us and ask: "Why do US political leaders protect the interests of a small number of farmers, while our own leaders do not care about 650 million farmers?"

So, while some of these perceptions may be right, some of it may be wrong. It is important that leaders like the US

should not only be right but also create a clear perception that they are, indeed, right. Similarly, on the whole issue of outsourcing, the kind of debate that got started here in the US in 2004 again raised some concern in countries like India. Indians were surprised that a country that lectured them ad nauseam to open up their markets and to integrate better with the global markets was going back on her own precept when the country experienced a small loss of jobs.

I believe there is a need for dialogue on this issue. There is a need for all the participant-countries to come to a logical, data-driven, better plan for the whole world.

I once again reiterate my belief in globalization and international trade. Well, I will stop here. I will be happy to answer any questions. Thanks.

MR. VAN AGTMAEL: The idea is now that I'll ask a couple of questions to kick this off and then we'll open it up to the audience. The first question is: you were trained as a computer engineer; when did you decide and what made you decide to become an entrepreneur? Did you always want to become an entrepreneur?

MR. MURTHY: No, not really. I was working in France in the early seventies. I decided to leave Paris and go back to my country, because I thought that is where I would be in a position to add some value.

And, then, while hitchhiking, I reached Nis, a border

town between what was then Yugoslavia (and Serbia today) and Bulgaria. A kind driver dropped me at the railway station around 9:30 pm. Restaurant was closed. So, I slept off on the platform. The next morning, I went to the restaurant to get some breakfast. They refused to give me breakfast since I did not have the Yugoslavian money.

I went into the town. It was a Sunday and all the banks were closed. So, I could not get any exchange. So I came back hungry. When you are hungry, the best thing to do is to sleep, is to lie down, because then you conserve your energy. So, I slept, I meant I lay down. I got up around 8:30 pm. I got on to Sofia Express. Opposite me, there was a girl and a boy, and they were speaking either Bulgarian or Russian, I don't know. The girl knew French, and that was a common language for us to communicate, and we started talking. The boy got left out since he did not know French. He probably got upset. He brought the police.

And the police took the girl away. The police took me away and put me in a small room in the railway station which had just a cold floor. You know Yugoslavia could get very cold in winter. They had taken away my backpack and sleeping bag. I just had a cold floor to lie on. There was just a hole in the corner which was supposed to be a toilet. I was quite happy, frankly, to be taken off the train and put there because I thought I would get something to eat because I was literally a prisoner. I thought it

was the responsibility of my captors to provide me food.

But nothing happened, I just slept, it was cold, the next morning came, I was expecting that I would get some breakfast, I did not get any breakfast. I expected to get at least lunch. Nothing happened.

Anyway, I was incarcerated for about 72 hours. By this time, I had not eaten for about 108 hours. And finally, somebody opened the door, dragged me on the platform, put me in the guard's compartment of a freight train and locked me in that compartment. They told me that my passport would be given to me once I reached Istanbul. And, as they walked out, they said something which I will always remember. They said they were letting me go because I was from a friendly country called India. I was alone, hungry, and agitated at the injustice of a communist country during the entire 20-odd hours of my journey right up to Istanbul. I had lots of time for introspection. In the end, I took a firm decision to shun leftism and conduct an experiment in entrepreneurship once I reached India. That was how Infosys was started.

MR. VAN AGTMAEL: So you had your own personal experience with hunger?

MR. MURTHY: Oh, yes, very much, very much. I don't remember who it was that said hunger knows no law. So, frankly I can understand why people who are hungry don't listen to all the percepts that we give them.

MR. VAN AGTMAEL: From there, what drove you to establish Infosys, and what gave you the idea?

MR. MURTHY: Well, you know, that was 1975, and I realized that if I wanted to get into entrepreneurship exercise, I needed some experience in how markets work and how corporations work. So I joined a non-profit organization for a couple of years and then a for-profit corporation for about four years. I was the head of software division in an IT company in Bombay. I learned how corporations were run. And this was the time when a few paradigm shifts were taking place globally in my industry. One, Microsoft got started in 1975. Second, thanks to mini and super-minicomputers, the cost of hardware had come down significantly. Third, industrial strength, on-line transaction processing (OLTP) engines were made available on these super-minicomputer systems. So, inexpensive, on-line processing systems could be built.

Fourth, IBM decided to "unbundle" software which meant there was going to be a great demand for software. Fifth, the introduction of PCs and Dan Bricklin's spreadsheet software created a huge opportunity for software. All these resulted in enormous opportunities for software developers. We realized that India had enormous technical talent that could be used to produce world-class software systems.

MR. VAN AGTMAEL: Today, as I mentioned in the introduction, many people look up to you. As an Indian

entrepreneur, what areas of social responsibility do you feel strongest about? For example, local environment, national policy, et cetera.

MR. MURTHY: Well, as a person who comes from India, I can talk about India. In a poor country like India, the divide between the rich and the poor, between the educated and the not-so-educated, and between the urban and the rural is very high.

The responsibility of corporations in India is much higher because, at the end of the day, these are the entities that create jobs. These corporations provide good disposable income through those jobs. Because we create jobs with reasonable disposable income, we also create disparity between those that work for us and those that do not work for us, particularly among the poorer sections of the society.

So, I do think it is the responsibility of corporations to reduce social tension and to create better harmony between the corporation and the society. It is best if corporations in countries like India made even a small attempt to address the basic needs of the poorest of the poor.

And then there is also another responsibility. Historically, the Indian business leaders were, barring exceptions, not very honest, and they were scared of the bureaucracy and politicians. They crawled when they were asked to bend because the government had always been strong. However, we

are now at a point when there are so many business leaders who conduct business legally and ethically. These people have nothing to fear from the government. Such leaders have a responsibility to stand up and demand that the government demonstrate better fairness, better transparency, and better accountability. To me, this is also part of the corporate social responsibility.

MR. VAN AGTMAEL: Let's take it to a global level, as this is a conference on globalization. Looking forward, where do you see the competition coming from for Infosys, from domestic corporations, from what you would call software-savvy Eastern Europe, or English speaking Philippines, or a huge number of software engineers in China, or other places?

MR. MURTHY: Well, certainly, Eastern Europe is very, very strong in mathematics, there is no doubt at all. We all know so many famous mathematicians from Hungary. But I do not know much about Russia, I must say, up front.

Having said that, I do think that Eastern Europe may have difficulty in competing with countries like India and China. These two countries have created huge infrastructure for higher education. So, if I were to worry, it has to be China. Of course, we have operations in China. So, in that sense, we do not have to worry about it. We will certainly profit from the strength of India, China and other countries. We have an operation in the Czech Republic as well. I believe that China has

demonstrated tremendous commitment, determination, and focus in achieving whatever they set out to do. China's success in achieving their targets is better than certainly India's. So I would say that the competition will come from China.

MR. VAN AGTMAEL: Well, I have many more questions, but let's ask the audience; yes, please.

SPEAKER: This is just a piggyback on Antoine's question. The educational infrastructure in India has to improve greatly, you know, that's what you've been talking about. All levels of education, starting from primary education to higher education needs improvement. And to address the medium to long term goals and needs of India--I know you have taken a great deal of interest in this, and leadership. The question is, what concerted effort by industry can be done overall to influence policy, to fund, and most importantly, to implement education reform?

MR. MURTHY: Yes, there is no doubt at all that the quality of education has to improve at all levels. But, I would say improving quality of education at the primary and the secondary school levels, particularly in rural areas, has to be the top priority. However, I am not as anxious about the higher education system for a very simple reason. As you know, the private sector participation in higher education system in India is very significant. In fact, in the last 20 years, 95 to 97

percent of all new colleges founded in India have all been by the private sector.

And private sector understands market better. So in that sense, I do believe that the future of the higher education system in India is much better placed than the primary and secondary education.

Today, we have around six million students who go to colleges. That is a small number when you consider that you have a hundred million to a hundred and twenty million children who start off in the primary school stage. The solution is to make sure that these hundred million students, majority of whom are in rural areas, they get a better deal. Unfortunately, this has to be done only by the government. We have to adopt methods that enhance the efficiency, transparency and accountability in these institutions. So, I would be more concerned about the primary and the secondary education.

SPEAKER: Thank you. As you know, there's been a certain controversy in this country about outsourcing. Can you tell us just why you have, in fact, outsourced to Czech Republic, China, and where else, and kind of what your experience is, how it's worked, what doesn't work, what the problems are? Thank you.

MR. MURTHY: I attended a conference in Israel in early 70s. There were all the gurus of software there. The general consensus was that software could not be developed on a remote

basis.

Today, thanks to advances in computer science, thanks to advances in technology, the bottlenecks to remote software development have been addressed. Today, as I pointed out earlier, there are several Wall Street firms who run their heartbeat-systems based on software developed in India 8,000 miles away from here.

So what does not seem to work today may become easy tomorrow. At a given point of time, the biggest bottleneck to a successful implementation of the project is defining the requirements. That is, defining the problem that has to be solved. When you are defining the problem, you are bringing two cultures together. Making two cultures work well together is a big challenge

For example, in Japan, when they say yes, probably they mean no. Second, there is a culture of consensus out there. So, coming to conclusions on important issues takes a long time there.

Third, the perception in countries like the US where people feel that a lot of their jobs are being taken away is a big issue. Even well known economists have expressed concerns on this issue.

My belief is that the US will retain her supremacy as long as innovation is alive and kicking in this economy. With continued innovation, nobody can take away from the preeminence

that this economy has had for the last whatever, 80 to 100 years. So I would say the problems are at the emotional and cultural level than at the technology level.

MR. VAN AGTMAEL: Well, thank you very much. Can we allow Bob McNamara the last one?

MR. MCNAMARA: You may have partially answered the question I want to ask. Nigeria is very dependent on agriculture, as is India. It is said that Nigeria is realizing less than 50 percent of their agricultural production capability; do you have a comparable figure for India?

MR. MURTHY: I missed the last one.

MR. VAN AGTMAEL: The question was, in Nigeria, they recognize only 50 percent of their potential in agriculture; what is that percentage, by your estimate, in India?

MR. MURTHY: You are right. We can enhance the agricultural productivity in India anywhere from what it is today to probably at least 100 percent higher.

MR. MCNAMARA: That was my impression.

MR. MURTHY: Yes, absolutely.

MR. MCNAMARA: A business opportunity.

MR. MURTHY: Yes. I will give you a very simple example. The eleventh plan, you know we do have these five year plans based on the Soviet Union model, aims to enhance the agricultural growth from 1.9 percent to, hopefully, 4 percent by better subsidy in

terms of better portfolio of fertilizers.

Today, most of the subsidies are nitrogen-based, and not all farmers need that. That is a waste actually. So, the researchers have done some studies. They will create a better menu of options for fertilizers subsidies. Second, they do want to come out with a better market pricing mechanism so that the farmers can, indeed, get better realization. And third, we are in surplus in some of our agricultural commodities, and, we should be in a position to export some of it so that our farmers can get better realization. If all the three happen, I do believe that we will be able to enhance our agricultural productivity by 100 percent.

MR. TALBOTT: In a very upbeat note on which to end this panel, and thank you, Bob, for putting the question to Narayana. In addition to asking all of you to join me in thanking Antoine and Narayana for a very good opening, before I let you go for a quick break, I want to acknowledge the presence now of Bernard Schwartz, who's been able to join us.

Bernard, as I think many of you know, is a leader in the worlds of business, and philanthropy, education, and public policy, and he's also the donor of the Bernard L. Schwartz Chair in International Economics, which Lael has the honor of upholding, so Bernard, thank you also for finding a way through the weather conditions to be with us this morning. It's obviously going to be

a very good day and all the better for having you with us. If you would permit Narayana, among other things, and he told me a little bit about this this morning, he takes punctuality very, very seriously. He has another appointment. I might add that after that extraordinarily poignant story he told about that train ride, I'm all the sorrier we couldn't get you to eat any bagels or quiche over breakfast this morning, but I hope you're going to get a good lunch. Anyway, thank you very much.