The topic of my lecture today is Globalisation: Past, Present and Future. There are many things that can be spoken about this topic but let me focus on some specifics like – impact of Globalisation on the poor, Trump's Anti-Globalisation policies and impact that it may have on India and how India can tackle the emerging challenges in the prevailing circumstances marked by protectionism.

Before I proceed, let me also add that you may find my reflections on these points interspersed in the text of my speech rather than as separate and disjointed issues. That said, I will have tried to structure this speech into the following order:

I will start with 1) ‘what is globalisation and why we are talking about it?’, we will then move to the question 2) ‘has globalisation made world a better place?’, we will then tackle the question 3) ‘if the project of globalisation is over or is it something that cannot be stopped?’, thereafter we will try and briefly reflect on one of the biggest challenges facing humanity world over – 4) ‘the job creation challenge’ and then we will move to the final two points of my speech before I conclude and these will be about 5) ‘who can be the next inheritor of the project of globalisation’ and 6) ‘what should India do if it has to grab that opportunity?’

1) What is Globalisation and why are we talking about it?

In layman terms, Globalization may be described as the process through which societies and economies are integrated through cross border flows of ideas, communication, technology, capital, people, finance, goods, services
and information. The concept of Globalisation is not new to India or to the world history. India was not only a part of largest global empire for nearly 200 years, it also produced about 25 percent of world industrial output in 1750, this figure had fallen to only 2 percent by 1900\(^1\).

Globalisation has many aspects ranging from cultural, social, political and economic. Today, I will focus mostly on economic aspect. To put the recent history of economic globalisation succinctly, the phase of high trade starting around 1870 came to an end with the First World War and was to revive, slowly, only after the Second. Then, following the collapse of East European communism in the early 1990s, there was a resurgence in global trade. Later even this phase somewhat abruptly ended with the global financial crisis\(^2\).

That said, a pertinent question that we are facing today is if Globalisation has helped in bettering the lives of people around the world? Has it raised living standards in a country like India or has it created a bigger schism between haves and have nots?

2) **Has Globalisation made world a better place?**

Let me begin by saying that back in 2005, CUTS published a report on ‘Globalisation and Livelihood Concerns’ under a project called ‘GRANITE’, an abbreviation for *Grassroots Reach out and Networking in India on Trade and Economics*. This report was based on our work in understanding the impact of WTO and liberalisation polices on two sectors – Agriculture and Textiles in the states of West Bengal and Rajasthan.

What we found was that except for agriculture, the policies impacted by globalisation and WTO had largely had a negative impact on people’s life.

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Interestingly, this study was a small one focussing on a limited sample size, limited sectors and limited locations yet over a decade later what we see around us is that there are far too many people globally who had much in common with our fellow citizens from Rajasthan and West Bengal.

As we all know well that disgruntlement of this class of people i.e. those who have not been positively touched by globalisation has been successfully harnessed by politicians like Donald Trump or led to BREXIT in the UK or even surge in popularity of Madam La Pen in France even though she could not succeed eventually and like events elsewhere.

But as I say this, let me also make it abundantly clear that I am not disparaging globalisation or world trade.

On the contrary if you see the example of middle class and take a strictly economic criterion of defining a middle class person as anybody who belongs to a household which has a monthly income of between Rs 20,000 and Rs 1.00 lac then the size of the middle class in 1996 was a paltry 25 million, it rose to 160 million in 2013 and should be around 300 million today\(^3\). Some other estimates peg it at 600 million\(^4\). The point here is that this growth of the middle class is also an outcome of globalisation and world trade.

So there are both - winners and losers. Therefore, real problem may not be as much manifested in the idea of globalisation as it is in the absence of active state intervention at the national and subnational level. In this regard, let me highlight the importance of a programme like The Trade Adjustment Assistance (TAA) Program in the US, which is a federal programme, backed by a law, that provides a path for employment growth and opportunity through


aid to US workers who have lost their jobs as a result of foreign trade. The TAA program seeks to provide the trade-affected workers with opportunities to obtain the skills, resources, and support they need to become reemployed.

3) **Is the project of Globalisation over or is it an inevitable reality?**

Globalisation is an inevitable reality and we cannot escape it even in the face of protectionism. Let me put it this way, we may have a US President like Donald Trump who as we may all know has abandoned (Trans Pacific Partnership), (negotiations for Transatlantic Trade and Investment Partnership with the EU), (is renegotiating NAFTA), (could start a trade war with China and potentially could restrict migration of more high skilled workers) yet estimates suggest that as many as 50 billion devices, ranging from smartphones and TVs to watches, pipelines and trucks, will be connected globally by 2020. This could drive huge economic gains, generating up to $11 trillion a year by 2025 in global economic impact.

So what we are really seeing as ‘future’ of globalisation is the *globalisation facilitated by technology*.

4) **The Job challenge due to technology and its potential fallout and impact on globalisation**

While technology can enable many good things but it also poses grave challenges for nations. Take for example digital automation or Artificial Intelligence. While on one hand it surely can increase efficiency and productivity, it may lead to jobless growth as the factories and workshops of tomorrow will be populated with robots and robotic processes.
A recent report by the Oxford Martin School\textsuperscript{5} estimated that close to 50% of all current jobs are at risk of automation in the next two decades. Many of those jobs are in the services sector and are more likely to affect low skilled people whose jobs can be replaced by simple algorithms.

The people most negatively affected by these trends are not just the unemployed but also the underemployed and the working poor – people who have seen economic opportunity escape from them over the last few decades, again and again. Their reaction to a situation they consider sustained injustice has been to vote for more and more radical political options or engage in activities that lead to social unrest\textsuperscript{6}. This is the same class of people that sought gratification in seeing rich standing in long queues to withdraw money after demonetisation was announced in India.

Some of them even start to question the idea of democracy. Therefore, it is no wonder that they tend to support a more authoritarian control over society which in the current scenario seems to be played out by right wing populists world over. These right wing populists tend to look inward thus curtailing the globalisation project. Donald Trump and American protectionism is a testimony to this fact.

5) \textbf{Whose opportunity is it as traditional powers vacate global leadership positions?}

As America, the traditional flagbearer of globalisation, abandons some key global projects on climate change or trade, conversations on next inheritor of globalisation are picking steam.

\textsuperscript{5} The Oxford Martin School at the University of Oxford is a world-leading centre of pioneering research that addresses global challenges

\textsuperscript{6} Social Europe e Magazine: Understanding-The-Populist-Revolt
India’s neighbour China is also not missing an opportunity of stepping into the void as the next inheritor of the new global order. Its humongous economic progress led by centralized and authoritative government is being compared to democracies as a preferred option. As a result, it is already signalling its expansionist policies on territorial claims and has aggressively embraced the idea of becoming automated and going digital. This suits China’s demographic profile as it has an increasing aging population.

While it is all work in progress and may contribute to a hefty Chinese position in global affairs, the existing realities are quite challenging even for China. There is a view that China is swamping the world with exports but in reality Chinese exports much like its currency and capital markets do not seem to be doing that well. In fact, the Chinese economy is failing to replace the traditional exports with new high valued ones quickly. In other words, it’s going through a transition that every country faces when losing its low cost advantage\(^7\).

So is there an entry point for India? Perhaps yes, if one considers that China presents perhaps the biggest challenge to an ideas-based global order. Let’s not forget that the so called Washington Consensus was not solely about free markets, but also about free expression and political dissent and therefore some experts believe that the legitimate inheritor of the global liberal order of any consequence has to be India\(^8\). To put it in short, the contest is really between democratic and non-democratic forces.

In this context, let us not forget the words of Prime Minister Narendra Modi who at the inaugural of Raisina Dialogue in January 2017 said, that

\(^7\) http://www.livemint.com/Opinion/L8LWwqfSM0BIUD8GmVTE2O/Has-Chinas-rise-topped-out.html
globalisation needs new inheritors who can help promote the projects, regimes and norms of the 20th century. In other words, at the heart of these norms is the idea of democracy of which India is the most credible flagbearer.

6) So then what should India do?

With this background, let me now quickly turn to the prescriptive part of my speech. This part will essentially deal with what India must do take forward the project of globalisation or deal with challenges in the face of protectionism.

- First and foremost, India must decide what kind of economy it wants. This is a constitutional challenge for India as constitutionally India is a socialist state. It has to develop a narrative encompassing this constitutional ideal and its steadfast belief in the guiding principle expressed in the old Sanskrit phrase "Vasudhaiva Kutumbakam" – the whole world is one family. The enmeshment of these two philosophies will help India articulate a vision that appeals to both the global as well as domestic sentiments, including those of liberals as well as conservatives.

- The anti-globalisation and nationalist fervour from so-called ‘losers’ of globalisation are so palpable that a country like India that has gained most (second only to China) from its open trade stance will have to make even greater effort to listen to its people at all levels, and particularly from the most vulnerable and marginalised. Their voices must be identified, raised, and heard clearly at formal forums. It is critical that domestic reforms relevant to trade arrangements are crafted toward the concerns and needs of those most impacted by
trade and globalisation, but that does not mean a return to autarky. This will require balancing an economic strategy that provides the greatest livelihood benefits, including access to employment, credit, food, and other resources, while also ensuring the development needs of India are met to grow its domestic industry and protect its environment. This will also require clear provisions for retraining, relocation, and unemployment support in domestic policy to support those vulnerable to trade liberalisation.

- India would also need to bring in domestic reforms (land, labour, taxes, infrastructure), diplomatic capacity building, and greater and more cooperative leadership role.

- Business ties are likely to drive the global relations more than any other factor especially under the Trump Administration. While this should be seen as an opportunity for Indian businesses, despite the threat of U.S. neo-protectionism, they should be cautious to the stark transactionalist zero-sum approach likely to be taken by the Trump Administration in its deal-making. Additionally, despite Mr Trump’s threats to “bring jobs home”, U.S. businesses may still look to India for its manufacturing needs, as it used to depend on China. India has much to offer with its huge capacity in IT and other services. This will still require drastic but necessary reforms in ease of doing business, infrastructure, and FDI policy.

- India, while maintaining close ties with US, must defend and work to improve the multilateral trading system at the WTO for all, but especially developed and least developed countries.

- India must maintain the current Trade Related Aspects of Intellectual Property Rights (TRIPS) level of regulation on intellectual property and
should also hold the U.S. to its support for its membership in the Asia-Pacific Economic Cooperation forum.

- India should also look for new and expanded markets and entering into regional and global value chains in many parts of the world, including Latin America (Mercosur), Central and West Asia, and Africa. Closer home, it should focus on BBIN and BIMSTEC and try to offset Chinese influence by better trade and diplomatic relations.

- India’s policymakers and negotiators need to effectively operationalise the Foreign Trade Policy 2015-20, which acknowledges that India needs to get its house in order to use trade as a tool to achieve security and strategic objectives in the long-term.

- Given stagnation in TTIP negotiations, the EU may focus more on its other trade agreements. Here India will have a strong chance to revitalise the sluggish EU-INDIA BT&IA negotiations, including pushing harder for greater access for its professionals, and gain in areas of defence equipment, medical equipment, construction material, processed foods and services. Following its impending departure from the EU, the UK is similarly looking to broaden its trade connections, where India is a top priority.

- With China, India can also explore a more open and prudent foreign and trade policy rather than an adversarial stance. India could intensify its dealings with Russia to gain from its substantial energy supply and link to regional supply chains by exporting Indian intermediary goods.

- India must play a major and cooperative role in crafting an ambitious RCEP agreement with ASEAN plus six where tariff reductions provide consumer price benefits and inputs for Indian domestic firms while ensuring fair trade rules that protect development needs. These
alternative markets should not be viewed simply as final trade destinations but as suppliers of intermediate goods and inputs that balance India’s participation in global value chains between high-value, high-skilled sectors and low-value, low-cost sectors of the value chain.

7) **Conclusion**

To sum up, I strongly feel that the likely swell in unpredictability and contradictory policy positions and protectionism should not invite reactionary approaches from the Indian government, businesses, or citizenry. If India is guided by grounded principles based in its development and economic needs it surely can weather any storm of uncertainty that may come its way. This grounded strategy will provide the necessary and beneficial policy predictability. The foundation of such a strategy is already in place on certain issues in India’s Foreign Trade Policy 2015-2020, climate change commitments, and ‘Make in India’ initiative, among others.

Perhaps, going forward, India will do well by heeding to the concept of ‘multi-alignment’ as espoused by Shashi Tharoor. In his words “multi-alignment will help India recast some assumptions and norms on global governance as it makes the transition from being among the rule-takers in the global arena to a rule-maker, a state capable of playing a global agenda-setting role”.

And last but perhaps most important, India has to truly live by its commitment on ‘Cooperative Federalism’ which basically entails a model of development where there is a shared narrative of development between all levels of federal structure i.e. local, subnational and national. Without this, it will be a difficult path for India.
Remember, it is because the local and subnational levels were largely ignored in the project of globalisation that we are having a need to evaluate the merit of globalisation in the first place.

Thank you!!!

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