



Protectionism vs Globalization

For Prelims: Globalization, Protectionism, Atmanirbhar Bharat Initiative

For Mains: Pros and Cons of Globalization, Decline of Globalization, Protectionism in India.

Why in News

The External Affairs Minister of India (EAM), at the recent **Global Technology summit**, has asserted that the [Covid-19 pandemic](#) has brought India's capabilities and need for more domestic production rather than **unchecked globalization**.

- He further held that, to foster tech growth, nations must seek more start-ups, supply chains and jobs to be created internally.
- This speech of EAM has sparked a debate between [protectionism vs globalization](#).

Key Points

- **Globalization:**
 - **About:** Globalization envisages a borderless world or seeks a world as a global village.
 - **Origin of Modern Globalization:** What today is referred to as globalization, started with the [end of the Cold war and the disintegration of the Soviet Union in 1991](#).
 - **Driving Factors:** Globalization was the offshoot of two systems — democracy and capitalism — that emerged victorious at the end of the Cold War.
 - **Dimensions of Globalization:** It may be attributed to accelerated flow of goods, people, capital, information, and energy across borders, often enabled by technological developments.
 - **Manifestation of Globalization:** Trade without tariffs, international travel with easy or no visas, capital flows with few impediments, cross-border pipelines and energy grids, and seamless global communication in real-time appeared to be the goals towards which the world was moving.
- **Pros of Globalization:**
 - **Access to Goods and Services:** Globalization results in increased trade and standard of living.
 - It heightens competition within the domestic product, capital, and labour markets, as well as among countries adopting different trade and investment strategies.
 - **Vehicle of Social Justice:** The proponents say globalization represents free trade which promotes global economic growth, creates jobs, makes companies more competitive, and lowers prices for consumers.
 - **Increases Cultural Awareness:** By reducing cross-border distances, globalization has increased cross-cultural understanding and sharing.
 - **Sharing Technology and Values:** It also provides poor countries, through infusions of foreign capital and technology, with the chance to develop economically and by spreading prosperity.
- **Cons of Globalization:**

- **Rise of Global Problems:** Globalization has been criticised on account of exacerbating global disparities, spread of international terrorism and cross-border organised crime, and allow for the rapid spread of disease.
- **Backlash of Nationalism:** Despite the economic aspect of globalization, it has resulted in National competition, advancement of national ambitions.
- **Moving Towards Cultural Homogeneity:** Globalization promotes people's tastes to converge which may lead to more cultural homogeneity.
 - Due to this, there is a danger of losing precious cultural practices and languages.
 - Also, there are threats of cultural invasion of one country over another.

De-Globalisation or Protectionism

- **Meaning:**
 - Protectionism refers to government policies that restrict international trade to help domestic industries.
 - Tariffs, import quotas, product standards, and subsidies are some of the primary policy tools a government can use in enacting protectionist policies.
- **Protectionism in Global Arena:**
 - Globalization had already begun to plateau or stagnate since the [2008-09 global financial crisis \(GFC\)](#).
 - This is reflected in [Brexit](#) and [US' America First Policy](#).
 - Further, [trade wars](#) and the [halting of WTO talks](#) is another recognition of the retreat of globalization.
 - These trends pave the way for an anti-globalization or protectionism sentiment, which may further amplify due to the spread of the Covid-19 pandemic.
- **Protectionism in India:**
 - In the past few years, many countries have criticized the Indian economy for becoming protectionist. This can be depicted in the following instances:
 - Not opening up for imports, particularly after the Indian Government failed to agree on terms for a mini trade deal with the US.
 - India walked out of the 15-nation [Regional Comprehensive Economic Partnership](#) of Asian countries.
 - The [“Aatmanirbhar Bharat \(Self-Reliance\) initiative”](#), launched in May 2020, after the beginning of the pandemic, was also perceived internationally as a protectionist move.

Way Forward

- **De-bureaucratisation:** India needs to put in place such policies that improve its competitiveness, de-bureaucratise some sectors such as agriculture, and make labour laws less complicated.
 - A holistic and easily accessible ecosystem, from the procuring of raw materials to the outlet of finished products, must be made available.
- **People-centric policies:** The only way to trigger employment is to step-up value addition in the local area. There is a need for such people-centric and sector-specific policies in order to accelerate growth.
- **Alternative global alliance:** India needs to now move beyond regional alliances and look forward to a cooperative alliance between like-minded countries in terms of trade such as the USA, EU, and Japan, to figure out an alternative to break the hegemony of China in the global supply chain.
- **Promote R&D and capacity building:** There's a need to prioritize building capacity and policy framework to become cost-competitive and quality competitive.
- **Increasing Production:** Enhance domestic Production as well as put thrust to increase exports and promote research to become more independent. India needs to plan now for the next 20 years.

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