

EVA STALIN IAS ACADEMY - BEST IAS COACHING IN CHENNAI

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The trajectory of progress must change

The G-20 has provided Prime Minister Narendra Modi an opportune stage before the next general election in 2024. Promotions of the G-20, with Mr. Modi's picture a part of them, are everywhere. Of greater significance to the world is that the G-20 is being led by India, the world's most populous country. Global financial crises in the last 30 years compelled the G-7, the United States-led cabal of western countries (and Japan) that controls global financial institutions, to expand the G-20 by adding China, India, Russia, Brazil, and a few other countries for solutions to global problems. The G-20 is at an impasse because the U.S. wants its members to shut out Russia and China who it sees as threats to its global hegemony. India is not easily swayed by pressure from the G-7. It wants the G-20 to concentrate on the agenda of 90% of humanity outside the G-7.

Governance is facing trouble

Global governance is in bad shape. The trajectory of progress must change. The world is being divided by wars amongst nations, and strife within them – wars with military weapons and with financial and trade weapons. Desperate millions are being pushed back to their deaths while trying to cross borders and oceans in search of better lives and safety, while three multi-billionaires are competing to create commercial space ventures to take a handful of wealthy people (paying hundreds of thousands of dollars each), for a brief joyride in borderless space.

Humanity cannot carry on the way it is. The trajectory of progress must be changed to make economic growth more equitable and sustainable. Economists try to prove with numbers that poverty is reducing, and incomes are increasing for everyone. They should look around and listen to real people struggling in precarious livelihoods. People experience realities which statisticians' numbers cannot reveal. The planet is heating up inexorably. It cannot take the pressure of the present consumptive model of economic growth any longer. More economic growth will not solve the world's problems. It must be sustainable and equitable too.



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India, as chair of the G-20, has offered a vision of *Vasudhaiva Kutumbakam* (One Earth, One Family, One Future) to bring all citizens of the world together and make the world better for everyone.

To continue to solve systemic problems with the same approach that caused them is madness, Einstein declared. A new paradigm is required for global governance. In 2015, all countries adopted the 17 UN Sustainable Development Goals (SDG) to be achieved by 2030. Time is running out. Climate change is racing ahead. Rich countries are unwilling to find equitable solutions. Precarity of employment is increasing even in rich countries.

The SDGs describe 17 complex combinations of environmental, social, and economic problems. All 17 problems do not appear in every country, and when they do, they do not appear in the same form. For example, problems of the oceans are immediately life-threatening to island countries but not to land-locked countries as yet. Environmental problems are not the same in Canada and Barbados. Opportunities for decent work (SDG 8) are inadequate everywhere, but much fewer in countries in the Global South than in the rich North.

No country has only one of the SDG problems; every country has at least six or seven. Calculations show that even seven problems (out of a possible 17) can combine in 98 million different ways. Clearly, one global solution for the environment, society, or economy, cannot apply everywhere. People on the ground know where their shoes pinch. Standard solutions cannot fit all.

A map of ground realities

The McKinsey Global Institute has produced a detailed map of realities on the ground, in its report, "Pixels of Progress: A granular look at human development around the world" (December 7, 2022). It divides the world into 40,000 micro-regions. Using advanced statistical techniques, it zooms in to examine actual progress on the ground which statistical averages at country level and growth of GDP cannot reveal. It applies the yardsticks of life expectancy and incomes to compare the well-being of people in

these regions. The report concludes that growth of GDP at a country level explains only 20% of the progress on the ground. The remaining 80% is local and specific.

The present theory-in-use of top-down problem-solving is conceptually flawed. It does not matter how smart the expert or manager on top of the system is. Complex systemic problems that appear in many places require local systems solutions that are found using cooperation and implemented by communities that combine solutions to economic, environment, and social problems.

India has proposed an approach of LIFE (lifestyles for sustainable development) to the G-20. It requires "coherent actions amongst stakeholders at all levels rooted in collective actions across society". Principle 7 of LIFE also requires the world's leaders to "recognize and amplify the role of local communities, local and regional governments and traditional knowledge in supporting sustainable lifestyles".

On local governance

Democracy is government of, for, and by people. A government elected by the people that provides benefits top-down to people is not a complete democracy. Government must be by the people themselves too. India has elections, but its citizens do not have "poorna swaraj" yet. Its political leaders since Independence have paid only lip service to the vision of local governance in its Constitution which is required for *Poorna Swaraj* (full political, social, and economic freedom) for all citizens.

The Prime Minister has inaugurated a world-class venue for the G-20 Summit at Pragati Maidan ("field of progress") in Delhi. The text of the resolutions adopted at the Summit will not matter. Paradigms are hardly ever changed from their centres because people in power do not want to let go of power. It will not matter who wins the Indian elections in 2024, and whose pictures are on billboards thereafter, if the system of governance remains a top-down, expert-driven, centralised system. Pressure to change and new solutions must come from the peripheries of power systems, with movements on the ground in India and around the world.

Mere economic growth will not solve the world's problems: it needs to be sustainable and equitable too

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From state visit to a more robust trade relationship

Prime Minister Narendra Modi's State visit to Washington on June 22, 2023, was historic – the first for an Indian head of state in 14 years, and only the third for an Indian leader in 75 years since Indian Independence. It unambiguously demonstrated the Biden administration's intense desire to cultivate India as a durable, long-term partner in a variety of realms, including in the United States' strategic competition with China for the foreseeable future. It also conveyed to citizens of both countries and a wider global audience the full range of areas of cooperation and collaboration between them – from defence trade to emerging technologies, such as in Artificial Intelligence and space exploration.

A central role for trade

In comparison with the substantial progress in many areas, the economic, and more specifically, trade relationship between the two countries, is growing – surpassing U.S.\$120 billion – but it continues to underperform relative to the sheer potential. If this strategic partnership lives up to its billing as one of the most consequential in this century, then trade must be pushed to a more central role as the U.S.-India story continues to unfold. India is exhibiting a remarkable openness to negotiating new trade relationships with important partners around the world and is demonstrating genuine commitment to revisiting long-standing positions, even as it pursues policies to attract and grow domestic manufacturing value chains and reduce over-dependencies on other countries. In the last



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The target of \$500-\$600 billion in India-U.S. bilateral trade by 2030 can be surpassed

two years, the Narendra Modi government has inked new free trade agreements (FTAs) with the United Arab Emirates and Australia and launched or reinvented negotiations for parallel deals with the European Union, the United Kingdom, and Canada.

The U.S.'s approach

In contrast, the Biden administration maintains that it has evolved away from FTAs and discovered a better approach to trade, emphasising resilient supply chains, reshoring or friend-shoring, and prioritising labour rights and climate-friendlier production over craven and mistaken globalisation. This policy has many sceptics at home and abroad, particularly since it ignores that all these objectives could be robustly addressed in a revamped FTA agenda.

It is the moment for the U.S. administration to meet India halfway in its trade policy before the strategic side of the relationship leaves the trade side much further behind. There were important results from Mr. Modi's State visit in resolving six disputes under the World Trade Organization (WTO). Building on these wins, and looking to opportune moments ahead following national elections in both countries in 2024, trade negotiators on both sides must be tasked with a more ambitious mandate by their leaders.

We continue to track India's progression in negotiating FTAs with its other trading partners through our work at the Atlantic Council. India's agreements to date fall far short of the U.S. gold standard, i.e., the U.S.-Mexico-Canada Agreement (USMCA), but the gaps are decreasing. Even in

the sensitive area of agriculture, India has shown surprising readiness to gradually open its market when offered opportunities to win concessions in return through FTAs. Australia, in the Economic Cooperation and Trade Agreement, obtained important gains in the Indian market for wine, wool, and sheep meat, among other goods, while India won nearly duty-free access to the Australian market. In fact, the U.S. and India have been able to agree to transactional concessions in their respective markets (e.g., mangoes and pomegranates for India in exchange for cherries, hay and pork for the U.S.) through the bilateral Trade Policy Forum (TPF) even without an active FTA negotiation.

On an FTA

Were they to embark on FTA negotiations, we could expect more extensive agreement on the agricultural sector writ large, in addition to the full range of trade in goods and services and facilitation of higher levels of investment between the two.

The Modi State visit should be a starting point for a more ambitious trade agenda going forward. U.S. and Indian trade negotiators already know how to go small, and even achieve results along the way. But the trade relationship deserves more attention, and a stronger mandate from the leaders of both the Biden and Modi administrations. With greater ambition, the often-mentioned target of \$500-\$600 billion in bilateral trade by 2030 can easily be attained and surpassed. The sky's the limit for this partnership of the century.

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