



## Viewpoint: Globalization and Inequality

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There are increasing debates about the merits and demerits of globalization at the national level. Politics in many democracies has turned against globalization as the merits of international trade have become more and more diffuse and increasingly difficult to quantify. In the days of mercantilism, that was not the case, but with services constituting the bulk of international trade today, it is more difficult to create a pro-trade lobby that can overcome the statist instincts of the political economy. The inability to convincingly address issues pertaining to inequality and revenue in today's globalized world is also unfortunate. These concerns probably led India to pull out of the RCEP at the eleventh hour. The decision was not purely economic, despite a strong protectionist lobby at play. Joining RCEP would have forced domestic industry to face competition, and it involved taking a call on not just India's economy but also on India's wider role in the changing world order. Sentiment is just as important as the actual data on the economy, and many citizens of emerging economies believe that globalization has worked more against them rather than for them. Some

feel that (in view of the ongoing US China trade war) pulling out of the RCEP was done under American pressure. Globalization cannot be reversed, but its pace can certainly be adjusted based on grassroots' realities. We need to put our own house ... especially our infrastructure ... in order, before we attempt to integrate systematically with the global economy. Not doing so risks worsening our existing socioeconomic inequality.

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