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NET, IAS, State-SET (KSET, WBSET, MPSET, etc.), GATE, CUET, Olympiads etc. Essay: Just as Roads Need Speed-Breakers Developing Economies Needs Protection

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Multinational corporations are routinely complaining that they do not have a level playing field in India and that justice and WTO alike demand that they get it. On the other hand, Indian businessmen also feel that they are denied a level playing field vis-a-vis MNCs. Both sides, therefore, want a level playing field, it should, therefore, be possible to examine where, to what extent, for whom and how it may be leveled.

Indian businesses certainly have certain advantages in India. They know the country and the people. They know their workers, their managers and their consumers. And they know their government. However, these are advantages enjoyed by every business on its respective home ground.

We have the advantage of cheaper labor; but this labor is not as skilled as in the West. And, in any case, we have to employ much more labor than there. Also, when an MNC starts manufacturing in India, it also acquires the advantage of cheaper labor.

In addition, Indian business did, for years, have the protection of import substitution and high tariff walls. However, today, these walls have been all but pulled down. So much so that, to give just one example, today many steel mills in India, big and small, have had to close down because of cheaper imports. But, on the other hand, the big foreign companies. The MNCs. Have tremendous, even overwhelming advantages. To treat Indian and these foreign companies on par would be like throwing the lamb to the wolves. In the name of equality.

Because the West has dominated the world for the last two centuries. Its domination shows in every sphere. Since it has more wealth and more capital, interest rates are much lower in the West. While an American MNC may have to pay only five percent interest, an Indian company has to pay 20 per cent.

The same with technology The West is not only ahead of us in technology, it often refuses to sell state-of-the-art technology us. The US not only refused to sell cryogenic engines to us; it pressed Russia not to sell them to us.

Although much of the oil comes from the Persian Gulf area, world oil prices are determined by adding what it would cost to transport this oil to Texas, in the Gulf of Mexico, and using it as the base price. No wonder oil is cheaper in the US than in India. All this is possible only

because American and some other western oil companies control the world petroleum market.

These companies even organized the oil crisis of the seventies, to raise oil prices high and earn oil superscripts. These oil profits were then used by the World Bank to tempt developing countries to borrow money by the billion. And so walk into debt-traps. As a western robber-baron engaged in telling even great 1,000-year old trees, put it candidly: Theres a story about the golden rule. He who has old rules, Nor is this western predominance confined to the material factors of production. It is, if anything, even more pervasive in the non-physical factors of economic life. Today we are living in a world of instant communications and informalities. And hero again the West is miles ahead of us. There are riot only more western satellites in orbit monitoring the world_____and its marine and underground resources. Western electronic media is penetrating even/nook and corner of the world. It is influencing not only economic choices but also tastes and values. The western advertising blitz is pushing western products. Today even Delhi police station name boards carry Pepsi advertisements. When developing countries refuse tobacco ads, these MNCs sponsor sports events to promote their smoking message. And so while smoking is going down in the US. Because of its known carcinogenic properties. Tobacco company profits are going up. Mr. Lawrence Summers, chief economist of the World Bank, openly advocated that polluting industries and garbage be exported to developing countries.

In the name of a level playing field, American banks have set up shop in India. But they never fulfill the social responsibilities shouldered by Indian bank, which latter have to open branches in rural areas and give loans on concessional terms to agriculture, small stale industry and cooperatives. This inequality shows even in the realm of law. Foreign companies cc ling to India do not want to be judged by Indian law; they invoke the law in a third country. In simple words, the level playing field of MNCs amounts to heads we win and tails you lose.

The West has not only more guns and more gold. And even more grain in a hungry world. Ail the powerful international organizations. With which to dominate the world, The UN, World Bank, International Monetary Fund. World Trade Organization and International Court of Justice are based in the West and captive to the West. As Mr. Samuel P Huntington of Harvard candidly puts it in an artrcle in Foreign Affairs Quarterly: Through the IMF and other international economic institutions, the West promotes its economic interests and imposes on other nations the economic policies it thinks appropriate. This leads to resentment and the emergence of a conflict between the West and the Rest. And so Mr. Huntington concedes: In any poll of non-western people, the IMF undoubtedly would win the support of finance ministers and a few others, but get an overwhelmingly unfavorable routine from just about everyone else.

But instead of redressing the grievances of; he South, Mr. Huntington wants the West to maintain the economic and military power necessary to protect its interests in relation to these civilizations This is the reason why the US does not want India to go nuclear or develop a missile capability. If India developed military muscle, the West would not be able

to extract more and more concessions from us for its MNCs. It will thus be seen that, in the name of globalization, the West is only trying to perpetuate its hegemony on the world.

Coming back to the economic domain, we don't have to be taken in by the glib talk of free trade. Just as roads need speed-breakers, developing economies need protection. A 100 years ago, when Britain asked the US to abolish its tariff walls and engage in free trade, then US President Ulysses Grant reminded it that the UK had protected its industries for 100 years before launching out on free trade. The US, said Grant, would also do the same after 100 years.