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### **Discriminatory Trade Policy in India**

India, though on the rise in the world economy, still has problems battling unemployment and poverty. For many, jobs are few and far between, making it difficult to support a family. It is reasonable that other countries would want to help this situation, but simply giving foreign aid will not solve this problem because it does not hit at the root of the issue. Instead, the focus needs to be on getting rid of trade practices that favor some but leave others standing in the dust. Only when the focus shifts will economic development rise, fair trade will become an option for companies across the globe, and market access improve.

In India, an average family living together is generally nuclear, with a mother, a father, and their children, usually about three (7, 9). Most families eat many fruits and vegetables, and much dairy, along with a plethora of grains. Typically, because of the Hindu religion, meat is not eaten in Indian households (9). Only 61% of the population is literate, and when split by gender, the males bring this percentage up considerably (7). There are about 51 doctors per 100,000 people, and on average, an Indian will spend the equivalent of about \$24 annually on health care (9). Many go from job to job (8), and make about \$487/year with respect to how the currency changes from country to country (9). Because many Indians go from job to job, it's often a hand-to-mouth situation, and they can go for weeks without food sometimes (8). 25% of the population is below the relative poverty line as defined by the government (7), yet 80% of the population lives on less than \$2 per day (9).

The hand-to-mouth situation of many Indians and the fact that a quarter of the population is below the poverty line has caused the government to begin entertaining the thought of food security legislation (6). Food security legislation makes food a constitutional right, like the right to life (5). This legislation may not happen because the Indian government has defaulted on many loans lately (5). Keeping the program going could be a major problem for the Indian government because crop products are unpredictable year-to-year, and if they don't produce enough, the food security program might fail (6). Most of the Indian population would receive food from the government if this legislation were passed. Food subsidies were supposed to go to much of the population last year, but due to incompetency, a lot of the food was wasted (5).

India's trade policies are so rigid, it's difficult to get goods shipped in and out of the country (3). The inflation inside of India is rising, and demand for Indian goods is not high enough to support the population (3). Competition with China is making it difficult for Indian companies to sell their goods; the exports that already come from India need to be sustained or rise. Indian tariffs are very high, and trade policy needs to stabilize (3). Because of the tariffs, the supposed laissez faire system is not actually free trade, and the economy is not allowed to regulate itself and become stable (1). This instability causes

many families to live hand-to-mouth, or not eat at all.

Because of the high tariffs, broken infrastructure in the Indian economy, and lack of demand, the economy of India is shrinking: the middleman needs to be eliminated so that the economy can balance itself out (3). An improved Indian economy would not only help India, but also economic powerhouses such as the United States (11). The improvement of the one is the improvement of the many (11). This relationship is strengthened when there are partner companies in different countries: one company designs and produces a product, and it is sold by a partner company in a developing country, such as India (11).

The Western world defines free trade as allowing an economy to regulate itself, but that is not what is actually practiced (1). Countries with money to spend insist that third-world countries remove tariffs, and yet the powerhouses do not do the same (1). As a general rule, the capitalist system has been very flawed and has not actually allowed economies to regulate themselves (1). It has basically been a “survival of the richest,” a capitalist’s Theory of Evolution. However, when countries are left in the dust, they still contain people, and that cannot be ignored. Unlike the animals that Darwin studied, we feel compassion for our fellow human beings, and we cannot simply let them fail because of the economy of their country. Therefore, we must begin to produce and promote more fair trade practices.

If exports grow, the Indian economy will improve and stabilize (3). The flaws in the tariff system need to be combed over so that the system is more efficient and so that they do not hinder what they are trying to help (3). Even if this happens, though, the demand for Indian goods needs to increase (3), because what’s supply without demand? The development banks such as the World Bank in India have helped with public works such as building roads, power generation, and education (11). This leaves the taxes for other things, such as paying off debts (5). The Indian government needs to find more or better sources of income due to their recently defaulted loans (5). With a quarter of their population under the poverty line, they cannot conceivably raise taxes.

These things affect each individual family. Each family is affected by unemployment: perhaps their primary breadwinner is unemployed, or maybe they just worry about it. Nevertheless, it is an issue. Living in a hand-to-mouth situation is not by any stretch of the imagination a good way to live. If a family is living hand-to-mouth, there is no way for them to develop savings because all the money they earn gets spent on food. If someone works today, the family gets to eat today, it’s that simple. If, however, the economy improved and the breadwinner got a steady job, then not only would the children get to eat every day, they would be healthier for it, and have a better quality of life.

Lately, the idea of removing discriminatory trade policies has not been in the news at all, or come to the attention of the public very much. Only when focused on the problem at hand does one notice that there is most definitely more than one issue with the current system. These flaws need to come to light and be worked on in a way that is sustainable.

Many people have never even heard of the idea of fair trade, and when explained, it is often said that it is certainly an issue, but normal people could not do anything about it. Because of this, the people in countries where slavery is particularly bad get ignored by the general public because people do not want to think about where their clothes, their coffee, and their chocolate comes from. When such important issues are ignored, they become acceptable, thus making the situation of the people truly affected worse and worse. That does not even touch on the idea that if someone has an income, they're going to spend money, thus contributing to the local, national, and global economy and improving the situation of everyone across the globe, bit by bit.

If this issue were to improve, everyone in India would benefit. The economy's improvement would mean more jobs, and more jobs means that people don't have to live hand-to-mouth anymore; instead, they can have savings, and pay for better education for their children. Other countries would benefit, too: studies have shown that when one economy improves, almost every economy improves (11).

Things that are often considered problems could go either way with an economy that needs to be improved. Issues like population growth could affect improvement of this situation negatively, because if there are more people, there need to be more jobs. Job creation is not always fair, and often, the government pays for it- but the Indian government is already in over its head, what with those unpaid debts (5). Things like climate change and pollution probably would not have an effect, but urbanization and energy demand would create more demand for city- type jobs, and also a demand for education. Companies would move to India because they would see the potential for good workers who do not usually demand as much as people in other countries do. The demand for jobs would also create a need for education. When people are educated, they are less tolerant of being discriminated against because there is less of an illusion of powerlessness. Thus, the situation would improve because the people would demand it.

This is not the sort of problem that one simply solves by throwing money at it, nor is just pumping in foreign aid going to help. The system needs to be fixed so that the economy can regulate itself and so that the people can manage their own money and have savings rather than living hand-to-mouth. Money will buy people food for a day, a week, a month, even a year, but eventually money will run out. A sustainable way of life needs to be created; people need steady jobs and a consistent livelihood. India needs a permanent fix, not a band-aid when a tourniquet is needed.

The first step to improving this situation would be removing the unfair tariffs inside and outside of India. Doing this would not guarantee that improvements on market access, fair trade, and economic development would follow, so jobs need to be created. Not jobs that offer a temporary relief and then flush the citizens back into the life they had before, but true jobs, that improve the economy and that allow people to have enough money to do something other than buy food with it.

The jobs need to come from companies that do not practice fair trade; they need to be converted to fair trade. This conversion would require that more people work, thus

creating more jobs, and that people actually get paid, stimulating the economy. The companies would actually get a return for this, because if the production costs are higher, naturally, the prices will be higher. Contrary to what would be expected, with higher prices, the economy wouldn't fall because there would be more people contributing to it: the people fairly employed by the company.

The population also needs to become more literate. Less than half of the women are literate and only about 70% of the men can read (7). This would improve with better education, and with better education comes the demand for better jobs. The people who learned to read would also create demand for books, newspapers, and other reading sources, so jobs would be created related to those industries. They would also teach their children to read, and India's education level on a whole would improve.

India's national government needs to do their best to remove tariffs and push powerhouses to remove tariffs; without this crucial step, little improvement can be made. The government in India should not try to create jobs; instead, it should first focus on distributing the food subsidies better than in the past, then on getting rid of the national debts. Once this is done, they can focus on getting companies that want fair workers to come to India so that the Indian people have jobs.

The United Nations should look at where there are discriminatory taxes, and ask that they be removed so that trade of Indian goods will increase. To support this, some non-government corporations need to be willing to make the switch to fair trade, and then redesign their corporate plan so as to fit this in. This will actually benefit the companies anyway, because even if they have to raise the prices of their goods, if they promote the fact that they are fair trade, the normal customer will feel good about buying their products, so the companies will eventually get the return for the higher cost of fair workers.

There are many factors that contribute to the lack of food in India, and discriminatory trade policy is one of the more predominant and important ones. Keeping the people of India fed does indeed fall to the Indian government in part, but they are unable to pay for it, so they instead need to work on removing tariffs. Simply throwing money at this problem would do little to actually fix it. Instead, a permanent change needs to come: a fair trade movement. This sort of a movement would not only put money where it needs to go- in the hands of the people- but it would also improve the economy in a way that would be sustainable.

The removal of tariffs would help the Indian economy, and each individual family. India should be allowed to ask that powerhouses remove taxes against their products, fair trade companies should move into India, and the economy needs to be improved. If all of these things happen, India's economy won't be the only one to improve, but the entire world will benefit. Each family in India would have better access to food because there would be more steady jobs. This situation does not have an easy fix, but it does have a possible one.

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