

Report on the Conclave on: “Free Trade Post-Pandemic: Rationale vs. National”



FOUNTAINHEAD OF EXCELLENCE

**Event on Zoom/MMA Facebook/
Live IBC/YouTube**

CONCLAVE

FREE TRADE POST-PANDEMIC:

Rationale vs. National



Conclave on the theme
Free Trade Post-Pandemic:
Rationale vs. National

Speakers

Mr. K. Mahalingam

Mr. Peter Rimmele

Prof. Dr. Heribert Dieter

Mr. S. Gurumurthy

Dr. Sunder Ramaswamy

Prof. Arun Kumar

Mr. K. Kumar

Air Marshal M Matheswaran (Retd.) AVSM VM PhD

Mr. Pankaj Madan

Held on Saturday, 17 April 2021

5.30 pm – 8.30 pm

Free Trade Post-Pandemic: Rationale vs. National

Saturday, 17 April 2021

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Invitation



CONCLAVE

FREE TRADE POST-PANDEMIC:

Rationale vs. National

**SATURDAY, 17TH APRIL 2021
@ 5:30 PM**

Hotel Leela Palace, Chennai

PARTNERS:



The Context

The threat perception of Covid-19 pandemic on our society and economy mitigated down considerably, if not eradicated entirely, with a sharp decline of cases from the first wave. However, with the resurgence of second wave in India, no one is ready to fix a time frame or project achievable goals.

The entire post-pandemic economic discourse hinges as much on the pre-Covid situation as on the latter. Hence, there is a need to temper optimism with pragmatism, acknowledge the opportunities and challenges, and also identify actionable initiatives, where the government and the industry have to work together for the nation to begin talking about the forgotten idea of a 'Five-Trillion Dollar Economy' all over again.

In doing so, the nation's policy-makers, as also the investor community, have to be clear in their minds whether they could achieve it by continuing to remain as engaged with the outside world as in the pre-pandemic era or look even more inward, as induced by the pandemic-imposed global restrictions on the movement of men, material, goods, technology and investments.

Or, is there a new evolutionary twist to the term globalisation as a strategic concept that should be implemented in its new avatar? Or, is the nation ready to postpone Prime Minister Narendra Modi's 'Five-Trillion dream' even more than what is already entailed by the pandemic?

It is only through such an exercise, where market sentiments in the larger context dovetail with policy pragmatism, that the nation can hope to shed the slack from the past year(s) and move forward on a firmer and more realistic footing, without being over-optimistic or overly pessimistic.

Programme Overview

Madras Management Association (MMA) in collaboration with Konrad-Adenauer-Stiftung (KAS) conducted a National Conclave on the theme, **“Free Trade Post- Pandemic: Rationale vs. National”** on **17 April 2021** at **Hotel Leela Palace, Chennai**.

Considering the pandemic restrictions, the conclave was held as a hybrid event with some of the panellists speaking offline in the venue and the rest of the speakers joining the discussions virtually. The Peninsula Foundation, IIT-Madras Alumni Association, IIM-A and IIA-C Alumni Associations and Chennai Centre for China Studies were the event partners. The panelists for the panel discussion on the conclave theme were:

1. **Mr. Peter Rimmele**, Resident Representative to India of KAS
2. **Prof. Dr. Heribert Dieter**, Senior Fellow, Research Unit, Global Issues, German Institute for International and Security Affairs, Berlin (joined online from Berlin)
3. **Mr. S. Gurumurthy**, Political and Economic analyst, columnist and editor of Thuglak magazine (joined online)
4. **Dr. Sunder Ramaswamy, Vice-Chancellor, KREA University**
5. **Prof. Arun Kumar**, Malcolm S Adiseshiah Chair Professor, Institute of Social Sciences, New Delhi (joined online)
6. **Mr K. Kumar**, Senior Partner, Deloitte Touche Tohmatsu India LLP
7. **Air Marshal M. Matheswaran** (Retd.) AVSM, VM, PhD, Founder, Chairman and President of Peninsula Foundation

Mr. K Mahalingam, Honorary Treasurer, MMA welcomed the participants and kicked off the event with the launch of the MMA’s interactive app. **Mr. Peter Rimmele** delivered the opening remarks which was followed by talks by the other panellists.

Air Marshal M. Matheswaran (Retd.) AVSM, VM, PhD anchored a fireside chat with the panellists and discussed many key issues.

Mr. Pankaj Madan, Deputy Head of KAS in India delivered the concluding remarks. **Group Captain R Vijayakumar** (Retd.) VSM, Executive Director of MMA delivered the vote of thanks.

The event started at 5.30 pm and ended at 8.30 pm, followed by dinner. 112 invitees attended the event physically and 1191 participants joined the conclave online. The event was live streamed by MMA.

Profile of the Speakers

Prof. Dr. Heribert Dieter



Current Positions:

- 1) **Senior Fellow**, Research Unit Global Issues, German Institute for International and Security Affairs, Berlin (since September 2001, tenure); research focus: global governance, development, trade and fiscal policy.
- 2) **Visiting Professor** of International Political Economy, Zeppelin University, Lake Constance (since 2013)
- 3) **Adjunct Professor** at the University of Potsdam (since 2017)

Current Research Projects

- Research Project 1: “The future of globalization – Deep integration, democracy and the nation state”
- Research Project 2: “The rise of China and consequences for the world”
- Research Project 3: “Bilateralism and plurilateralism in trade governance”
- Research Project 4: “Germany’s position in the 21st century’s global economy”

University and Research

University of Potsdam	Since 2017: Adjunct Professor of International Political
Australian National University, Canberra	February to May 2016: Visiting Professor , Center for European
Renmin University, Peking	Since October 2013: Non-Resident Senior Fellow , Chongyang
Zeppelin University, Friedrichshafen	Since September 2013: Visiting Professor of International Political Economy

Recent media contributions:

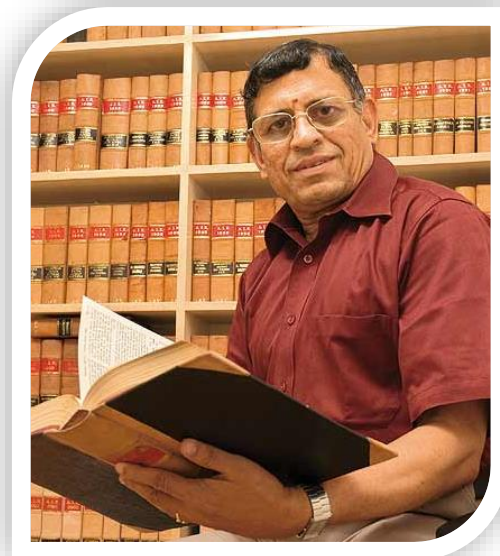
Interviews and articles for the BBC, German television ARD, ZDF and 3SAT, Deutschlandfunk, Deutschlandradio Kultur, Deutsche Welle, Hessischer Rundfunk, Handelsblatt, International Herald Tribune, New York Times, Neue Zürcher Zeitung, Südwestrundfunk, Spiegel-Online, The Wall Street Journal, Wirtschaftswoche, ZEIT-Online.

Mr. S. Gurumurthy

Mr. S. Gurumurthy is a well-known practicing Chartered Accountant and highly respected Corporate Advisor. He is a prolific writer and has been writing extensively on various issues that impact the Indian Economy. He is also a journalist, editing the Tamil political weekly Thuglak.

Mr. Gurumurthy is a regular speaker at IIT, Mumbai and other prestigious institutions including Stanford University, US.

Mr. Gurumurthy is a multi-dimensional personality and a rare confluence of the tradition and the modern.



Mr. Peter Rimmele

Peter Rimmele is currently the Resident Representative to India of Konrad-Adenauer-Stiftung.

He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden-Württemberg, Germany and a M.A. in Geography.

After working as, a jurist, judge and lecturer, he took public office as Ministerialrat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security and later in the Local Government Department. On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption-Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-Adenauer-Stiftung.



Dr. Sunder Ramaswamy

Sunder Ramaswamy is a professional economist, an educator, and an academic administrator with extensive experience both in India and the United States. He is currently the Vice Chancellor of Krea University, an exciting new university initiative.

He is on leave from Middlebury College, one of the top ranked liberal arts institutions in the US, where he is a Distinguished College Professor of International Economics. From 2009 – 2015, he was the President of the Middlebury Institute of International Studies at Monterey, California (MIIS); He has been a faculty & administrator at Middlebury since 1990, and has had sabbaticals at the World Bank, Vanderbilt University, IFMR, & the Madras School of Economics (including 2 stints as Director).

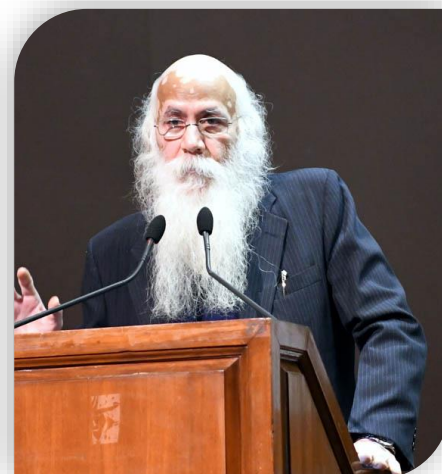
He has co-authored and co-edited 4 books, written scores of articles, and delivered over 175 lectures all over the world on Globalization, Economic Development, Indian Economic Reforms and Economic Literacy; His research has been supported by Ford Foundation, SW Davis Foundation and USAID. He has also been a consultant to UNCTAD, UNIDO, UNU and the World Bank.

His passion for teaching, his academic work, and his administrative accomplishments have been recognized with numerous honours and awards both in India and in the United States.



Prof. Arun Kumar

Arun Kumar, joined JNU in 1984 and retired as the Sukhamoy Chakravarty Chair Professor in the Centre for Economic Studies and Planning, Jawaharlal Nehru University in 2015. He is currently the Malcolm Adiseshiah Chair Professor in Institute of Social Sciences.



He has a Ph.D. in Economics from JNU and a Masters in Physics from Princeton University USA and Delhi University. He is a gold medallist of Delhi Higher Secondary Board and Delhi University. He has specialized in Development Economics, Public Finance and Public Policy and Macroeconomics. He was a part of the team to study the black economy for CBDT (1982-85).

The books published by him are: Indian Economy's Greatest Crisis, The Black Economy, Higher Education, Indian Economy since Independence, Demonetization and GST. He authored the Alternative Budgets for 1993-94 and 1994-95 which proposed alternative economic policies for the country. He was a member of the Group producing the Alternative Economic Survey for 2 decades.

He has written extensively on globalization and on issues of public policy both in academic journals and in the popular press and contributed to public discussions on policy since 1980. He was the Vice Chair of the manifesto drafting committee of National Front in 1989 and the Convener of the Economics & Ecology Committee of AAP in 2013.

He has visited Pavia University, Italy and Humboldt and Leipzig Universities, Germany. UNAM, Mexico awarded him the Ricardo Prize in Economics for work in Development Economics. He was the group leader of the Committee for the pricing of SU30 MKI. He has participated in various social movements, like, on Housing Rights. He was a member of the First Pay Commission of the Tibetan Government in Exile.

Air Marshal M. Matheswaran (Retd.) AVSM VM PhD

Air Marshal M Matheswaran has had a distinguished career of more than 39 years in the IAF. He is the former Deputy Chief of Integrated Defence Staff at HQ IDS and was the Senior Air Staff Officer in Eastern Air Command. He is an Experimental Test Pilot and has been involved in extensive flight testing and development projects and is a former commandant of ASTE.



He is an alumnus of TACDE and the National Defence College. The Air Marshal has held a number of command and staff appointments in operations, development, and acquisition. He holds a PhD from the University of Madras and is a Senior Fellow in National and International Security from Harvard Kennedy School of Governance, Harvard University. He is the founding Chairman and President of the Peninsula Foundation; a policy think tank based in Chennai.

Mr. K. Kumar

Kumar is the Consumer & Industrial Products leader for Deloitte in India. He also leads Deloitte's global manufacturing nerve. Kumar has worked in areas such as supply chain transformation, market entry, corporate and competitive strategy, etc. He has served client organizations from diverse manufacturing sectors such as automotive, chemical, industrial goods and consumer products.



Mr. K. Mahalingam

Mr K Mahalingam is Partner/Director at TSM Group of Companies, which has interest across Automobiles, Real Estate Advisory, and Distribution of Financial Services. Mr K. Mahalingam is also an active Angel Investor.

Apart from his business interest Mahalingam is active in multiple other activities. He is President of Children Club, Treasurer of Brahma Gana Sabha, Former President IIM Calcutta Alumni Association and Executive Committee Member of Chennai Angels.

Mahalingam is a regular speaker and Guest Lecturer in Colleges and Management Institutes across Tamil Nadu and beyond.



Mr. Pankaj Madan

Mr Pankaj Madan has been active with KAS since February 1991. He is now Deputy Head of KAS- India Office while leading the programme team. During his long experience with KAS, he has been responsible for building, maintaining and enhancing old partnerships while forming new ones with political parties, think tanks, institutions and personages of repute.

All these partnerships are based on joint programmes which are identified, conceptualized and executed jointly with partner organizations and manifest themselves in the form of in-bound and out bound delegations (of MPs and experts), conferences, seminars, studies etc.



“Free Trade Post-Pandemic: Rationale vs. National”

Key Statements



- None of us can predict the future - but we can shape it in an environmentally sustainable manner, bringing us closer together and making the world safer for generations to come. -**Peter Rimmele**, Resident Representative to India of KAS



- The world is turning away from China. But simultaneously China is also turning away from the world -**Prof. Dr. Heribert Dieter**, Berlin



- The world order will change and it is not just the geopolitical order; it will also be the commercial, economic and trade order - **S. Gurumurthy**, Political and Economic Analyst



- Democracy and capitalism may have tremendous flaws but they are better than every other alternate system- **Dr. Sunder Ramaswamy**, Vice Chancellor, KREA University



- The role of public sector and that of government intervention during crisis moments is very important - **Prof. Arun Kumar**, Author and Economic Analyst



- India should look at integrating with the global supply chains even more than what is being attempted now - **K. Kumar**, Deloitte India

Key Takeaways

From Mr. Peter Rimmle's Opening Remarks:



1. With the prospect of some sense of relief sparked by the advances in vaccination, we can now begin to think about what the world will look like after Corona, and what changes have to be maintained in the post-pandemic world.
2. The pandemic has shown us how fragile our globalised world is. The bottlenecks in the supply chains revealed how much our domestic economies depend on global cooperation.
3. India's government seems to search for economic solutions in national self-reliance. Will this be the right approach?
4. The current tendencies of de-globalization present an opportunity to rebuild supply chains in a more diverse and sustainable way and to create new forms and ways of multilateral cooperation and partnership with democratic ethos.
5. Even prior to the global health-crisis, the global world order had begun to shift and was challenged by the rise of a belligerent China. The US-Chinese trade war underscored this fact. The new presidency under Biden presents a possibility to return to a more liberal global order.
6. In Europe, border controls were needed in response to the pandemic. At the same time, Europe has strengthened its cooperation in other areas and built a common and supportive European health policy.
7. The pandemic has accelerated the dynamics of geo-strategic environment of the world which includes geo-economics too.
8. We cannot predict the future but we can shape it, in an environmentally sustainable manner, bringing us closer together and making the world safer for generations to come.

From Prof. Dr. Heribert Dieter's Key Note Address

Prof. Dieter spoke on three broad areas: **a) Problems with China 2) Opportunities for India and 3) Free Trade and way forward.**

1. The post pandemic phase will not see the end of globalisation but we will see a reshaping of globalization, primarily due to the geopolitical conflict with China, rather than due to the Coronavirus.



China's Woes

2. China will not be prospering as much as many people have been expecting it to. The talk about Chinese economy is a bit of an exaggeration. China is drowning in debt. In 2020 alone, China's debt has risen from 300% of GDP to 340%.
3. China has significant demographic issues too. In 2020, the number of babies born in China declined by 15%, to the lowest level since its foundation in 1949. China is becoming old before it becomes rich. For the last 5 years, Chinese authorities want people to have two children or more.
4. Much of its economic growth of the last four decades was not a miracle but due to the rising use of labour in the economy. We should not be afraid of the Chinese economy or their economic development. The world is turning away from China. But simultaneously China is also turning away from the world.
5. Currently China is looking all right, but its borders are closed and the vaccination rates in China are very low. People don't trust the China made vaccines.
6. Openness is an issue for the Communist Party in China. They feel that foreign thought should not be taught in Chinese universities and that thinkers from abroad should have a smaller role in the future. They even want to discontinue teaching of English in Chinese universities.
7. Last November, China announced its new economic strategy called **dual circulation**. It is a relatively simple concept. The rest of the world shall continue to buy goods made in China, but the Chinese companies and consumers should buy fewer goods made from the rest of the world. The rest of the world including Europe are worried.

India's Opportunities and Trade Stance

8. India could be the winner of this new form of globalization but its success is not guaranteed. In the last 15 years, India has seen remarkable growth and developed its infrastructure. Since 1991, India has implemented a policy of reducing tariffs. The value of imported goods has come down significantly due to this.
9. India has not been enthusiastic about free trade. But the fact remains that trade liberalization contributed to a rising GDP in India.

10. Prime Minister Modi's government is changing the rhetoric on trade. In 2020, he announced 'Atmanirbhar' and emphasised national economic development. He sounds more like Gandhi who argued that economic development is more than just material prosperity and it has ethical and spiritual dimensions. But it is easier to grow in a market that is as large as the Indian market.
11. Primarily, the geopolitical conflict with China and the military conflict in the Himalayas last year changed Indian government's relationship with China. Not just India, many countries are skeptical about China.

Way Forward

12. There is still an opportunity for like-minded countries / democracies to cooperate and expand their trade with each other. The case for cross-border division of labour is still intact and between liberal democratic societies we can still expand.
13. European Union, US and India should also join CPTPP and we would have a coalition of like-minded countries that could trade with each other; China would be out of that.
14. We will see the emergence of two distinct economic spheres. India has ample opportunities in that geopolitical globalization, but a closed-door policy would probably do more harm than good.

From Mr. Gurumurthy's Address:

1. Free Trade post pandemic is a far deeper and complex subject and requires a helicopter view.
2. We have to understand where the world is heading, from where it was trying to head. This is a combined exercise which not just trade specialists or economists or politicians alone can do.
3. We may be able to contain the pandemic sooner than we think it can be contained. Even the pre-pandemic world was changing so fast. But we refused to see the forces that were driving the change.
4. Francis Fukuyama wrote an article that over the years to come, the pandemic could lead to the United States' relative decline, a continued erosion of the liberal international order and resurgence of fascism; it could also lead to a rebirth of liberal democracy.
5. The Cold War order was based on the ideology of democracy versus autocracy. The Cold War order changed when the Communist block began dismantling and the new order that emerged was based on balance of power, rather balance of convenience. It later on led to globalization.
6. In the post-cold war world order, China- an illiberal country- was brought into a liberal democratic World order. It had nothing to do with free market. It was purely based on balance of power.
7. Free market is a product of democracy. Democracy means information and information means market. Whereas, China operated a completely non transparent system with a mix of Marxian politics and market economics. China's empire building instincts are intact.
8. China cannot democratise itself unless it opens up itself for huge violence, because it is the structure which sustains the people. There is no training for the people to deal with themselves.
9. World over, liberal Democracies are fatiguing. In the West, the average voting is coming down and only the educated, employed and wealthy people vote.
10. The Foreign Policy magazine came out with a paper in 2019 which said that India is the only silver lining and golden lining of democracy. In India, the socially and economically weaker people vote in large numbers.
11. Trumpism developed not in China. It developed in Latin America and evolved because of the basic fault of having brought a non-transparent power (China) into a transparent world order both in commerce and trade.



The Future Order

12. The world order will change and it is not just the geopolitical order; it will also be the commercial, economic and trade order.
13. Globalization is at an end as an idea. I am seeing a virtual collapse of the WTO. Now we will not look for the cheapest source but safe source –safe politically, economically and nationally.
14. After the 2008 financial crisis, the West began sliding from its prime position and China began to lead with its undue advantage of autocracy and non-transparency as against a rules based order followed by other members of WTO.
15. The West must realise its mistakes and revisit its foundations. Allies have to be brought in. Rooting for unbridled individualism has created complications. The West which insists on ultra-human rights could never talk about human rights in China, because China was a source of economic prosperity.
16. Democracy will be the foundation or the fulcrum of an ideal world order. The emerging world order will get bifurcated (or trifurcated) between democracies and autocracies in the ratio of 46% and 54%.
17. If there is a broad alliance of democracies, then the future world order –political, geopolitical, economic as well as national order -will be in alignment. It will require the efforts of people who are studying the history of the world.
18. The US is realising the importance of Taiwan which they gave up. Taiwan has a strong grip in semiconductor which is going to be the future technology. Taiwan needs protection against China, as China wants to grab Taiwan.

Way Forward

19. The world is drifting apart on dealing with environment and pollution. Only a philosophy can bring us together. We have to look at nature as a partner and not as a source.
20. Each nation will have to work out its own model of development. There cannot be a one-size-fits-all model. We need to rework the rules and recognize the diversity of the world.

From Dr. Sunder Ramaswamy's Address

1. In 2016, Condoleezza Rice, the former US Secretary of State talked about the rise of the **Four Horsemen** of the Apocalypse -the old biblical myth. The four horsemen were populism, isolationism, nativism and protectionism. Rice alerted the world to the storm clouds of the four horsemen.



Four Horsemen Post Pandemic

2. In March 2020, the world literally went into lockdown. What started out as a global health crisis unleashed a secondary crisis namely the economic and financial meltdown from the lockdowns.
3. What started in the US as 'black lives matter' went into Europe as anti-colonialism and toppling of statues. In India, the movement of migrant labourers crossing thousands of kilometres to get back to their home states pointed to a social justice crisis.
4. The world has also woken up to climate change and environmental crises. So there are four crises that we are still trying to tackle – **health, economic, social and environmental**. These four are the new horsemen.
5. Populism, nativism, isolationism and protectionism have been unleashed in every single country, starting with the US under Trump and now it exists even post-Trump.

Striking Similarities

6. According to Rice, the four horsemen rode the world stage during the interwar period between 1920 and 1940. At the tail end of this period, the Spanish flu pandemic started in the US and wiped out millions. Then we had World War II, the rise of Nazism and the Great Depression.
7. We are now through another pandemic –Covid-19. The parallels are pretty striking – between the world stage in 1920s and where we are today.
8. German philosopher Hegel said that 'we learn from history that we never learn from history.' Let's hope that we have learned something from history that we might do something differently now.
9. The earlier period led to the formation of the global financial architecture - the World Bank, IMF and GATT - General Agreement on Tariffs and Trade. This structure governs global economic affairs.
10. Trade then was done with less than 40 countries. We now have close to 200 countries. If we follow a one country, one agreement style, it becomes much more complex. The biggest player that doesn't play by the rules is our own neighbour China.

11. At no point in our world history, we were dealing with humanity of close to 8 billion people as of now. The environmental crisis from the population is a very critical one. Covid-19 happened.
12. We are also in the midst of the fourth industrial revolution with the incredible explosion of AI and technology; the globe is shrinking for quite some time.
13. Finding jobs for eight billion people is going to be a challenge. In many countries, because of AI and the fourth Industrial Revolution, we are creating incredible wealth, but doing it in a jobless way.
14. Many countries opt for a tit-for-tat tactic against other countries in trade and they forget that ultimately trade is a two-way street. As Gandhi said, 'an eye for an eye will make the whole world blind.'
15. Today, there is no better alternative to Democracy and Capitalism.
16. We have to wake up as countries and figure out how to collaborate multilaterally, even if we redefine what multilateral structure is and reframe what WTO needs to do.

From Prof. Arun Kumar's Address

1. The collapse of the Indian economy is unprecedented and its impact will be long lasting.
2. The pandemic has hit Indian economy hard because of the largeness of its unorganised sector which employs 94% of the workforce and produces 45% of the output.
3. The present situation is worse than a war. There is huge unemployment and uncertainty in both supply and demand.
4. The service sector has been hit badly. The local trade has been replaced by E-commerce and therefore the local traders have suffered.
5. Because of infodemic and false information circulating, people's sense of science has been impacted and this has come in the way of government's policy making.



Social impact over time

6. Business confidence and consumer sentiments are at a low.
7. Technology intensity will rise over a period of time and that will lead to greater unemployment.
8. Globalisation will be impacted and there will be a move towards greater self-reliance like the Atmanirbhar package.
9. There will be impact on development and associated consumerism on nature.

Lessons

10. Pandemics will keep coming and we need to be prepared.
11. We are a collectivity and we need to deal with the virus collectively.
12. The role of public sector and that of government intervention during such crisis moments is very important.

Way Forward

13. We need to work on transparency, social justice, improving demand, generation of large employment opportunities, strengthening of education and R&D and the nation's as well as people's capacity to deal with future crises collectively. We need to pay workers a living wage.

From Mr. K. Kumar's Address

1. India should look at integrating with the global supply chains even more than what is being attempted now, as a matter of compulsion and not choice.
2. Integration is essential for getting access to latest technology, manufacturing global brands, and to access markets in India and abroad, while being Atmanirbhar at the same time.
3. A large part of our manufacturing is not built on high technology. Therefore, to have a vibrant manufacturing sector, our manufacturing should be in an ecosystem that continuously gives us new technology.
4. Like Korea has Samsung, we do not have a manufacturing brand either at the country level or at the industry level or at the product level. In the absence of technology, it will take a long time to build world class brands that are competitive.
5. Indian customers aspire for global brands. Companies that have acquired global brands have room to play with their manufacturing in other countries. So we need to be globally connected.
6. One more reason why we need to be connected is the lack of scale in India. For the industry to access customers way outside of India, they need to scale up. Therefore, we need to be integrated with the global supply chains.



Welcome & Introductory Remarks

Mr. K. Mahalingam, Honorary Treasurer, Madras Management Association and Partner/Director, TSM Group of Companies

Mr Mahalingam welcomed all the panellists and participants from MMA, KAS, ORF, The Peninsula Foundation, IIT Madras Alumni Association and the Alumni Associations of IIM-Ahmedabad and IIM-Calcutta. He acknowledged the presence of Mr Peter Rimmele, Resident Representative to India of KAS and thanked KAS for the great support extended to MMA in all its activities.



He gave a brief overview of MMA and pointed out its winning streak as the Best Management Association in the country for a record 11 times on the trot from AIMA. He also highlighted MMA's online initiatives and organising of many high quality programmes throughout the pandemic period, including the MMA Annual Convention and MMA Women Convention, virtually.

"Just as we thought we have won the battle against Covid and started to relax, the second wave has struck from February 2021 in India and many restrictions have come back," he said and talked about the relevance of the convention theme to India's economy. He referred to a recent PWC report which interviewed many CEOs on the impact of Covid-19 and concluded, "For the companies, 2021 is the year to innovate."

Along with Mr. Peter Rimmele, Mr. Mahalingam unveiled **MMA's new, state of the art website and launched MMA's interactive mobile app.**

Opening Remarks

Mr. Peter Rimmele, Resident Representative to India of Konrad Adenauer Stiftung (KAS)



Debating on the convention theme, “Free Trade Post-Pandemic: Rationale vs National,” Mr Rimmele pointed out that being rational is not necessarily being anti- national or vice versa and saw no contradiction in both the concepts.

Outlining the hardships caused by the virus globally, he referred to the prospect of some sense of relief, sparked by the advances in vaccination. “We can now begin to gradually think about what the world will look like after Corona and about the lessons that we can learn from these challenging times,” he said. He added, “The pandemic has shown us how fragile our globalised world is. The bottlenecks in the supply chains revealed how much our domestic economies depend on global cooperation.”

Making a mention of PM Modi’s search for economic solutions in national self-reliance, he wondered if it will be the right approach to reach India’s ‘\$5Tn’ dream in the long run. “Or perhaps Mr. Modi meant strategic national self-reliance when he spoke of Atmanirbhar Bharat,” he suggested.

Drawing from the European experience in handling the pandemic and its economic impact, he said, “The pandemic can help us to find new cooperations that will help us to rebuild our supply chains in a more diverse and sustainable way and to create new ways and forms of multilateral cooperation and partnerships. It is now up to all of us to decide what we will make out of this historic hiatus that the pandemic forced us into, for what could be a historic rethink!”

He concluded with the remarks, “Of course, none of us can predict the future - but we can shape it in an environmentally sustainable manner, bringing us closer together and making the world safer for generations to come.”

Keynote Address by the Chief Guest

Prof. Dr. Heribert Dieter, Senior Fellow, Research Unit, Global Issues, German Institute for International and Security Affairs, Berlin



Professor Dr Heribert Dieter's talk was structured on three major areas:

1. The problems faced by China
2. The opportunities available for India and why it can be a winner
3. Importance of Free Trade

“Globalisation will not end but there will be a reshaping of it, primarily because of the geo-political conflict with China rather than due to the pandemic,” said **Prof. Dr. Dieter**. While being skeptical about China and optimistic about India, he pointed out that China is drowning in debt and has significant demographic issues with a huge decline in births to a level of 1949.

“The world is turning away from China but China too is turning away from the world,” he remarked. China, he said, is following a strategy of “Dual Circulation Policy” by which it wants to export its products to outside world and at the same, source all its needs from within China. “China should be important to the world, but the world should not be important to China,” he said, explaining the rationale of this policy. China is discouraging teaching of foreign thoughts and even English language in Chinese Universities, he argued.

On the health of China's economy, Prof Dieter said that one need not be bothered about their development as the figures they put out cannot be taken at face value. People do not trust Chinese made vaccines too, he said.

Prof. Dieter remarked that India has made a big leap in the last 15 years and that opening up of Indian economy and trade liberalisation have resulted in a great rise of its GDP. He opined that PM Modi's government is changing the rhetoric on trade policies and wondered if Modi sounds more like Mahatma Gandhi who said that there was more to economic development than material riches, as there were spiritual and other dimensions.

India, he said, has more opportunities to grow if it is active in the world market, rather than limiting itself to national borders. Citing the British example, he said, Britain preferred free trade, the moment they became competitive. Also, the entire world is looking for an alternative destination to China and India can chip in, if it plays its cards right.

On the way forward, he said, “We have one scheme in the Indo-Pacific that is already intact, which is the CPTPP (The Comprehensive and Progressive Agreement for Trans-Pacific Partnership). It was originally called TPP (The Trans-Pacific Partnership). After Trump withdrew from TPP, it was renamed CPTPP. In February this year, the UK applied to join CPTPP. Now my proposal is that the European Union, US and India should also join this and we would have a coalition of like-minded countries that could do trade with each other; China would be out of that.”

He said he foresees the emergence of two distinct economic spheres. Prof. Dieter said, India has ample opportunities in that geopolitical globalization, but a closed-door policy would probably do more harm than good.

Special Address by the Guest of Honour

Mr. S. Gurumurthy, Chartered Accountant, Columnist, Political and Economic Analyst & Editor, Thuglak



Speaking on the occasion, **Mr. Gurumurthy** suggested a 'Helicopter approach' by looking beyond the horizons. According to him, liberal democracies were in a state of fatigue, not because of China but due to their own lack of transparency.

He said it is not just an issue of free trade versus protection but something that is far deeper and more complex. "Free trade has become an ideal, but it requires certain basic structure or understanding, a platform to rest on a more durable philosophy than what the world worked with in an urgency to achieve the so-called highway to prosperity," he said.

He added that the free market is a product of democracy; democracy means information and information in turn means market. "There is no information about China with the world, but China had all the information about the world because it operated a completely non-transparent system." He argued that bringing China, which practices Marxian politics, into WTO was a big mistake and lamented that political discourse was morphed by the economic super power. "Marxian politics cannot exist with market economics," he stressed.

"Colonialism lasted for 150 years, capitalism is gone and what we have now is agency capitalism, Marxism dominated for 50 years, everyone thought globalisation will dominate the world, but it is gone because these are transient thoughts but what we need is a more durable philosophy," he added.

He opined that the world order has to change in commercial and economic terms and not just politically. "Cheap source will give way to safe source supply chain. The emerging world will be bifurcated between democracies and autocracies, broadly in the ratio of 46% and 54% respectively," he said.

Gurumurthy also cautioned that in the post pandemic times, the environmental as well as climate issues have to be factored in; Nature must not be treated just as a source but a partner.

Address by the Guests of Honour

Dr. Sunder Ramaswamy, Vice Chancellor, KREA University



Dr. Sunder Ramaswamy touched upon the four crises that the world is grappling with due to the pandemic- **health, economic, social and environmental**- using the analogy of **four horsemen of the apocalypse** propounded by former US Secretary of State Condoleezza Rice, namely nativism, populism, isolationism, and protectionism.

Referring to human population on the planet as of 2018, he said, “At no point in history, we had 8 billion people, as we have today and that has repercussions for resources and environment.”

“Finding jobs for eight billion people is going to be a fascinating challenge. In many countries, because of AI and the fourth Industrial Revolution, we are creating incredible wealth, but doing it in a jobless way. So this idea of employment and who's going to get work will trigger a disconnect; which we have not witnessed in the last three industrial revolutions,” he argued.

Discussing the merits of the existing three-legged economic architecture built on World Bank, IMF and GATT, he suggested, “We need a new global architecture. Free Trade and Democracy have tremendous flaws but they are still the best options on the table.”

Referring to trade wars between countries, he cautioned, “As Gandhi said that an eye for an eye will make the world blind; multilateral action is the only solution.”

Prof. Arun Kumar, Malcolm S Adiseshiah Chair Professor, Institute of Social Sciences, New Delhi



Prof. Arun Kumar argued that the pandemic has hit Indian economy hard because of the largeness of its unorganised sector. “The present situation is worse than a war because while the supply is uncertain in a war time, the demand is certain. But now, there is uncertainty in both supply and demand and there is huge unemployment,” he pointed out.

He cautioned that pandemics will keep coming and underlined the importance of public sector and that of government intervention during such crisis moments. He suggested that we need to work on the following aspects, as a way forward.

1. Transparency
2. Social justice
3. Employment
4. Strengthening of education
5. Strengthening of nation’s as well as people’s capacity to deal with future crises

Mr. K. Kumar, Senior Partner, Deloitte Touche Tohmatsu India LLP



Mr. Kumar argued that based on his experience in the manufacturing sector, isolationism is not a great idea. “India should look at integrating with the global supply chains even more than what is being attempted now, as a matter of compulsion and not choice because that is essential for getting access to latest technology,

manufacturing global brands, and to access markets in India and abroad, while being AatmaNirbhar at the same time,” he said and explained his reasoning.

“A large part of our manufacturing is not built on high technology. They tend to be converters as opposed to inventors of technology. Therefore, to have a vibrant manufacturing sector, our manufacturing should be in an ecosystem that continuously gives us new technology- be it formal R&D or the DIY (Do it yourself) movement that is common in many countries,” he suggested.

He lamented that India does not have a manufacturing brand, similar to Samsung of Korea, either at the country level or at the industry level or at the product level. In the absence of technology, it will take a long time to build world class brands that are competitive, he remarked.

According to him, one more reason why India needs to be connected globally is the lack of scale in India. “For the industry to access customers way outside of India, they need to scale up. Therefore, we need to be integrated with the global supply chains,” he concluded.

Concluding Remarks

Mr. Pankaj Madan, Deputy Head – India Office & Head-Programmes, Konrad-Adenauer-Stiftung



Mr. Pankaj Madan in his concluding remarks summed up the key elements from the addresses made by each of the panellists.

“Whether India with \$3Tn economy can grow to \$5Tn economy with an inward looking policy is a very valid point,” he said, referring to Prof. Dr. Heribert Dieter’s arguments. Summing up Mr. Gurumurthy’s talk, Mr. Pankaj Madan said, “All the assumptions made in the pre-pandemic times have to change in the post-pandemic times.”

He also acknowledged the fact that nations have borders but not the environment or climate and said, “Nature must be treated as a partner and not as a source is a very profound statement made by Mr. Gurumurthy.”

Applauding all the speakers for their erudite talks, Mr. Madan said, “At the end of the talk, we get the feeling that globalisation will stay, as it is like a living organism and will evolve in a new avatar.”

Fireside Chat with Air Marshal M Matheswaran (Retd.) AVSM VM PhD



Air Marshall Matheshwaran presented the pandemic statistics and wondered if the timing of PM Modi's vaccine-diplomacy has gone wrong.

1. **On the future of travel and hospitality industry**, Prof. Heribert Dieter said that the consumerist nature of human beings will continue and that people will travel, consume, eat out and perhaps, even in a more enhanced manner.

2. **Going by the experience of countries like China that have brought the pandemic well under control, should one believe that only autocracies handled the pandemic better? Does that mean, democracy as a system in dealing with crises is a failure? Are we looking at China in a coloured angle?**

1. **Prof. Dieter replied** that he did not agree with the suggestion that non-democracies only could handle the pandemic crisis better. He argued that democracies have dealt better with the crisis. New Zealand, USA and UK are good examples, he said and pointed out to their responsible and intensive vaccination programs.

2. On future of the WEST, Prof. Dieter said that this debate is more than 50 years old and the values or ethos of democracies are here to stay.

3. **China has leveraged technology and built powerful supply chains. Now, can the supply chains move out of China?**

1. **Dr. Sunder Ramaswamy** said that many companies tried to move out of China even before the pandemic and India benefitted to some extent. But he said that China still remains a powerful hub. "Look at what happened recently in Suez Canal? Even after 100 years, one little strip remains a crucial link in shipping logistics," and stressed the need for alternatives. He said that the efforts to improve ways of trading will continue in the midst of Industrial Revolution 4.0 and that China will remain a powerful player for some time to come and one could only manage or go around it.

2. Prof. Arun Kumar suggested that if we move on the R&D front, we can gradually phase out China from the supply chains. There was no short cut and India did not spend enough on it or on education.
3. Mr. Kumar underlined the fact that China is not just the supply capital but also the demand capital and that it is difficult to move supply chains out of China.

4. Post pandemic, low tech jobs will be more in demand. Will the Indian industries take the short cut and demand protection rather than compete globally?

1. Mr. Kumar replied that protectionism leads to inefficiencies leading to lessening demand. People may end up buying at a higher cost and inflation may result. So it is never a good idea.

5. Will the industries coming to China also bring their dual circulation system or manufacturing lines and R&D to China?

1. Prof. Dieter said that German companies have done it in the past. To quote an example, Siemens were exporting trains to China until China copied them and Siemens went out of the market. Now Chinese companies are competing against Siemens. So the power of China as a market may be overrated.

6. Given the recent Indian budget, would the disinvestment process will be taken forward?

1. Dr. Sunder Ramaswamy replied that the Indian growth story began to totter even 6 months before the pandemic; the lockdown only exacerbated it. The K-shaped recovery predicted is also a worrisome factor. So, one budget alone cannot do it. The 5 Tn \$ economy ambition should be shifted to 2025 through a series of budgets.

7. The Belt and Road Initiative (BRI) is being pushed aggressively. Does that mean that the Chinese are on the right track?

1. Prof. Dieter: BRI strengthens the Chinese influence in Asia but the way it is financed; it is doubtful the Chinese plans would work.

2. Prof. Arun Kumar: China has spent a lot of money on R&D like their domination in 5G technology; the world has to do the same if they want to stop China.
3. Mr. Kumar: The current model of BRI has run out of steam and China is looking for ways to make it work.
4. Dr. Sunder Ramaswamy: On China, the Biden administration will be maintaining a tough stance. India needs to watch the American response and can play a smart game. Indian can use its regional card and take advantage of this opportunity.

Vote of Thanks

Group Captain R Vijayakumar (Retd), VSM, Executive Director, MMA



Group Captain R Vijayakumar (Retd.), VSM thanked all the panellists for their participation and sharing their enlightened views on the conclave theme and their insights exchanged in the Fireside Chat. He thanked **Air Marshal M. Matheswaran (Retd.)** AVSM, VM, PhD, for anchoring the fireside chat and eliciting the considered views of the panellists.

He thanked **Mr. Peter Rimmele**, Resident Representative to India of KAS for his opening remarks and the great support extended to MMA. He thanked **Mr. Pankaj Madan** of KAS, members of MMA, The Peninsula Foundation, IIT Madras Alumni Association, Alumni Associations of IIM-Calcutta and Ahmedabad, Chennai Centre for China Studies and all the online viewers before signing off.

The hybrid event concluded at 8.30 PM, which was followed by dinner for the offline participants.

Photos

Photographs taken during the Conclave on “Free Trade Post-Pandemic: Rationale vs. National







Recording... LIVE on Custom Live Streaming Service View

Talking: LiveIbc.com

Arun Kumar

Heribert Dieter

Gurumurthy Swaminathan

PANKAJ MADAN

Sunder Ramaswamy

Unmute Start Video Security Participants 25 Chat Share Screen Pause/Stop Recording Reactions Leave

Recording... LIVE on Custom Live Streaming Service View

MMA Sundar

Heribert Dieter

Gp. Capt R Vijayakumar

PANKAJ MADAN

Gurumurthy Swaminathan

Arun Kumar

Sunder Ramaswamy

Elias Marini Sch...

Sangeeta Maini

Ashish Gupta

Simran Dhingra

DR B LATHA LA...

Babita

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G MOHAN KUM...

Narayanan V

Shiva

VB Narasimhan

Rajavelu U M

Annaswamy Ara...

Srinivasan

Ravi Purushothaman

Srinivasan Manicka...

Ask to Unmute

Unmute Start Video Security Participants 29 Chat Share Screen Pause/Stop Recording Reactions Leave







Links for the Recording

Free Trade Post-Pandemic: Rationale vs National

We are pleased to share that the recording of the event is available for viewing through the links indicated below:

Website:

www.liveibc.com/mma/

YouTube:

https://youtu.be/_7LHISGd3bM

Facebook:

<https://www.facebook.com/mmachennai/videos/1004257643439850/>



The response to the event was excellent and a larger number of viewers logged in live through Zoom, MMA Live webinar, YouTube and Facebook.

Hotel Leela Palace: 119

Zoom: 35

YouTube: 9013

Facebook: 144

MMA Webinar: 1200

Total number of participants at the event – 10511



The Partners

About Madras Management Association (MMA)

Madras Management Association (MMA) was established in 1956 with the prime objective of promoting management education, training and development activities in this part of the country. The vision of MMA is “To be the Fountainhead of World class Management Excellence in India”.

Over the past six decades, MMA has striven for development and nurturing management expertise, combining Indian ethos with International Management thoughts and practices. MMA has contributed immensely to the enhancement of management capability in this part of the country, and in particular Tamil Nadu and Puducherry. MMA has over 7000 corporate houses, industries, professionals, academics and executives on its rolls as members. MMA annually organizes about 725 executive development activities, including seminars for top management with a total participation of fifty-nine thousand executives and entrepreneurs.

MMA is the largest affiliate association of All India Management Association (AIMA) in the country and has been adjudged as the Best Management Association in India by AIMA for ten times in a row including the “National Excellence Award” for the year 2017-18.

The activities of MMA are planned to achieve managerial excellence in the functioning of industries and professional managers in Tamil Nadu and Puducherry. In this direction, MMA chapters have been established at various towns in Tamil Nadu mainly to cater to the needs of SMEs. Nine such MMA Local Chapters at Ambur, Attur, Erode, Hosur, Namakkal, Salem, Sri City, Trichy and Puducherry are functioning effectively.

Apart from corporate leaders, MMA has, in its Managing Committee, the Vice Chancellors of Madras University & Anna University, the Directors of IIT Madras and IFMR and the Chief Secretary, Government of Tamil Nadu, as members.

OUR VISION

To be the Fountainhead of World Class Management Excellence in India

OUR MISSION

1. Synthesise Indian Ethos with international management thought
2. Be a reservoir of expertise in management
3. Inspire individuals to actualise their potential
4. Nurture creativity and originality

About Konrad-Adenauer-Stiftung (KAS)

The Konrad-Adenauer-Stiftung (KAS) is a German political foundation, with a strong presence throughout Germany and all over the world. Freedom, justice and solidarity are the basic underlying principles of the work of the Konrad-Adenauer-Stiftung.

With more than 100 offices abroad and projects in over 120 countries, it makes a unique contribution to the promotion of democracy, the rule of law and social market economy. To foster peace and freedom KAS encourages a continuous dialogue at the national and international levels.

Human beings in their distinctive dignity and with their rights and responsibilities are at the heart of its work. KAS is guided by the conviction that human beings are the starting point in the effort to bring about social justice and democratic freedom while promoting sustainable economic activity. By bringing people together who embrace their responsibilities in society, KAS develops active networks in the political and economic spheres as well as in society itself. The guidance it provides on the basis of political know-how and knowledge helps to shape the globalisation process along more socially equitable, ecologically sustainable and economically efficient lines.

KAS cooperates with governmental institutions, political parties and civil society organizations building strong partnerships along the way. In particular, we seek to intensify political cooperation at the national and international levels on the foundations of our objectives and values. Together with our partners we contribute to the creation of an international order that enables every country to develop in freedom and under its own responsibility.

The Konrad-Adenauer-Stiftung has organised its program priorities in India into the following working areas:

1. Foreign and Security Policy
2. Economic and Energy Policy
3. Rule of Law and local Self-Government
4. Social and Political Training and Development
5. Indo-German Parliamentary Dialogue programmes

The Konrad-Adenauer-Stiftung's India office takes great pride in its cooperation with Indian partner organisations who implement jointly curated projects and programmes.
