

## A 'BUBBLES OF TRUST' APPROACH

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

An asymmetric globalisation favouring China allowed Beijing to attain power. It is now using that power to undermine liberal democratic values around the world. The Chinese market was never open to foreign companies in the way foreign markets are to Chinese firms. This is particularly true in the information and communications technology sector: foreign media, technology and software companies have always been walled out of Chinese markets. Meanwhile, Chinese firms rode on the globalisation bandwagon to secure significant market shares in open economies. President Xi Jinping now formally requires Chinese firms to follow the political agenda of the Chinese Communist Party. But even before this, it was not possible to tell where private ownership ended and the party-state began.

We are currently witnessing a global retreat from the free movement of goods, services, capital, people and ideas. But this should not be understood as a reaction to globalisation itself, but of its skewed pattern over the past four decades.

The Quad countries – Japan, India, Australia and the U.S. – have an opportunity to change tack and stop seeing engagement with China through the misleading prism of free trade and globalisation. The roots of every member's prosperity and power lie in international trade. It will be to their advantage to create a new form of economic cooperation consistent with their geopolitical interests. Indeed, without an economic programme, the Quad's geopolitical and security agenda stand on tenuous foundations.

The popular backlash against China – exacerbated by the economic disruption of the pandemic – is pushing Quad governments towards policies of self-reliance. But while reorienting and de-risking global supply chains is one thing, pursuing technological sovereignty is inherently self-defeating. When it comes to critical and emerging technologies, no single country can replicate the combined genius of the world. Worse still, inward-looking policies often acquire a life of their own and contribute to geopolitical marginalisation.

There is a better way. A convergence of values and geopolitical interests means Quad countries are uniquely placed to envelop their economies inside bubbles of trust, starting with the technology sector. Complementarities in capabilities can power innovation and growth.

The U.S. is a global leader in intellectual property, Japan in high-value manufacturing, Australia in advanced niches such as quantum computing and cyber security, and India in human capital. This configuration of values, interests and complementary capabilities offers unrivalled opportunities.

The idea of 'bubbles of trust' offers a cautious middle path between the extremes of technological sovereignty and laissez-faire globalisation. Unlike trading blocs, which tend to be insular and exclusive, bubbles tend to expand organically, attracting new partners that share values, interests and economic complementarities. Such expansion will be necessary, as the Quad cannot fulfil its strategic ambitions merely by holding a defensive line against authoritarian power. We need a common approach to counter the hacking of minds, more than the mere hacking of networks and devices.

The Quad's Critical and Emerging Technology Working Group, announced in March 2021, is well placed to develop the necessary 'bubbles of trust' framework, which could be adopted at the

next Quad summit. Such a framework would allow the scope of the cooperation to be limited to information industries – semiconductors, network infrastructure and connectivity, operating systems and platforms, and content – avoiding the long and complex negotiations typical of trade agreements.

To be successful the Working Group must seek to strengthen geopolitical convergences, increase faith in each member state's judicial systems, deepen economic ties and boost trust in one another's citizens.

There are fundamental differences between authoritarian and liberal-democratic approaches to the information age. But there is no consensus among the latter. The Quad cannot allow differences of approach on privacy, data governance, platform competition and the digital economy to widen.

This agenda cannot be about substituting China. Each Quad nation imports more from China than from its three partners combined. Rather, the approach would allow Quad countries to manage their dependencies on China while simultaneously developing a new vision for the global economy.

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