



5. Social Policies for Sustainable Development & Trade

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ABSTRACT:

International trade and trade policy have an important influence on how we live, from the prices we pay for goods and services to the performance of the various economic sectors in which we work or rely. While trade has the potential to promote low-carbon development, it can also be a hindrance depending on how trade policy is designed and implemented. The Sustainable Development Goals (SDGs) and climate commitments in the Paris Agreement pose fundamental challenges to trade policy, as does the fraying of multilateralism. We will discuss Social Policies for Sustainable Development and Trade in this paper.

Keywords:

Social, Policies, Sustainable Development, Trade, Goods, Services, Economic Sectors, Social Priorities, Economic Activity, Countries, Global, Nature.

Introduction:

The Social Policies of Sustainable Development:

To address these environmental threats in a way that is consistent with different countries' development and social priorities, a coherent approach is required. It is especially important given the global nature of many of the issues discussed above. In some cases, such as climate change, countries cannot reverse negative trends on their own. In others, such as biodiversity and water scarcity, the effects of continued degradation cross national borders.

Globalisation of economic activity, as well as changes in countries' relative economic weights, have shifted policy priorities from the local to the regional and global levels. As a result, national policies have become less effective on their own in many areas, prompting calls for new multilateral responses. International cooperation, on the other hand, necessitates shared action priorities and cost-sharing criteria. It is difficult to reach an agreement on these priorities when economic conditions differ greatly between countries.

[1]

Sustainable Development Through Trade:

The 2030 Agenda for Sustainable Development recognises international trade as a driver of consistent economic growth and poverty reduction, as well as a critical means of achieving the Sustainable Development Goals (SDGs).

Brundtland's concept of Socioeconomic Sustainable Development Systems relies heavily on international trade. Fairtrade agreements benefit both parties involved and allow producers to focus on what they do best.' Because this creates more income, trade countries may be able to invest more in social infrastructure such as education, nutrition, and health care, potentially alleviating pressures to sacrifice long-term environmental integrity for short-term "desperation" economics.

The goal of current multilateral trade talks is to 'liberalise' international trade by removing 'non-tariff trade barriers' and lowering import and export regulations. Liberalised or free trade goals, in many ways, constitute a deregulation agenda, and the environmental consequences of such a strategy are extremely problematic. Because trade policies are pursued without regard for our efforts to mitigate potential environmental consequences, the results are almost certain to sabotage environmental programmes.

While trade policy has shifted towards greater market reliance and a reduction in state regulatory actions, environmental policy has shifted in the opposite direction (at least until recently). Much of the focus of environmental policy in many countries has been on defining the government's role in ensuring that "common property resources" are managed properly. For a long time, air, soil, and water were regarded as "free goods." While they are as important to most manufacturing as steel and petroleum, those who use them, typically as pollution sinks, are not required to pay for them. [2]

Promoting Sustainable Development Through Trade:

All trading partners benefit from an open, equitable, secure, non-discriminatory, and predictable multilateral trading system that is consistent with the goals of sustainable development and leads to the optimal distribution of global production based on comparative advantage. Furthermore, improved market access for developing-country exports, combined with sound macroeconomic and environmental policies, would have a positive environmental impact and thus contribute significantly to sustainable development.

In terms of production, employment, and export earnings, the commodity sector dominates the economies of many developing countries. The prevalence of very low and declining real prices for most commodities in international markets in the 1980s was a significant feature of the world commodity economy, resulting in a significant contraction in commodity export earnings for many producing countries. This development, as well as tariff and non-tariff impediments, including tariff escalation, may limit those countries' ability to mobilise the resources needed to finance investments required for sustainable development through international trade. It is critical to eliminate existing trade distortions in international trade. In particular, achieving this goal necessitates a significant and progressive reduction in agricultural support and protection - including internal regimes, market access, and export subsidies - as well as industry and other sectors, in order to avoid inflicting large losses on

more efficient producers, particularly in developing countries. Thus, there is room for initiatives aimed at trade liberalisation and policies to make production more responsive to environmental and development needs in agriculture, industry, and other sectors. Trade liberalisation should thus be pursued on a global scale across economic sectors in order to contribute to long-term development.

In the coming years, and in light of the Uruguay Round of multilateral trade negotiations, governments should strive to achieve the following goals:

(a) To promote an open, non-discriminatory, and equitable multilateral trading system that will enable all countries, particularly developing countries, to improve their economic structures and raise the living standards of their people through sustained economic development;

(b) Improving access to markets for developing-country exports;

(c) Improving commodity market functioning and achieving sound, compatible, and consistent commodity policies at the national and international levels in order to maximise the commodity sector's contribution to sustainable development while taking environmental considerations; and

(d) Promoting and supporting domestic and international policies that promote economic growth and environmental protection. [3]

Review of Literature:

Although the expansion of international trade in recent decades has resulted in economic and societal benefits around the world, it has also resulted in failure to address the negative social, environmental, and even economic impacts. One approach that appears to be increasingly used in order for trade to become a 'sustainable engine' is to internalise social, economic, and environmental concerns in international trade. This can be accomplished through a variety of means, policy instruments, and tools. In this report, we will concentrate on a specific tool, Voluntary Sustainability Standards (VSS), which include certification schemes, labelling programmes, and private standards (Marx et al., 2012). [4]

Trade's impact on social and environmental protection has long been acknowledged in policy reports and academic literature. For example, the International Labour Organisation was founded in 1919 to develop international standards on a variety of labor-related issues in order to prevent a global race to the bottom of labour rights in a world of increasing international competition and trade (Mahaim, 1934). [5]

Economic growth is frequently referred to as a measure of increasing human welfare in Organisation for Economic Cooperation and Development (OECD) countries. It is not surprising that economic growth is used as a proxy for welfare. After all, consumption options are a major component of welfare as the general public perceives it. However, the same public recognises that economic growth alone cannot fully describe its needs and desires. Some of the negative consequences of economic activity remind us of this: health

risks from transportation emissions and ozone depletion, declining biodiversity due to habitat loss, and new forms of inequality connected to changes in technologies and manufacturing patterns. This is the context in which the concept of sustainable development, i.e. linking societies' economic, social, and environmental goals in a balanced manner, has taken root. The Brundtland Commission, for its part, specified sustainable development as development that "meets the needs of the present without compromising future generations' ability to meet their own needs" (WCED, 1987). [6]

In economic terms, sustainable development can be defined as "development that lasts" (Barbier, 2000), i.e. a path in which maximising human well-being for today's generations does not result in declines in future well-being. Human well-being is defined in this report as including not only the satisfaction of economic needs, but also aspirations for a clean and healthy environment, as well as preferences for social development. Man-made, natural, human, and social capital are examples of capital types that sustain wellbeing due to their levels and distribution. Their "adequacy" to support well-being is determined by their interaction, as well as the population's size, characteristics, and preferences. Different types of capital provide one of the primary mechanisms by which generations are linked - their stocks are influenced by current investment decisions, but their lives span several generations. [7] To ensure that the goal of international agricultural trade liberalisation coincides with developing countries' pursuit of effective food security policies, trade liberalisation must be accompanied by acceptable flanking and other incentives (Stevens et al., 1999). [8]

Objectives:

- Increasing the contribution of international trade and investment systems to global sustainable development.
- Incorporating both the ancillary benefits of mitigation policies and the climate benefits of other policies (e.g., energy efficiency and diversification) into climate policies.
- Providing various forms of financial and technical assistance to developing countries in order to help them improve their capacity to implement climate mitigation and adaptation policies.

Research Methodology:

This study's overall design was exploratory. The recommendations in this book are intended to make it easier to use trade policy as a tool for achieving the SDGs. To play this pro-development role, trade policy must be developed in close collaboration with other sectors. Trade policy can only contribute to development if it is designed in a consistent and holistic manner. Another critical condition is that trade opening adjustments are actively facilitated through flanking policies. Because each country's context is unique, these flanking policies will take various forms. However, as this book demonstrates, countries can learn from one another. Overall, we hope that this book sheds new light on trade policy. Opening up to international trade entails risks, but by managing them and capitalising on the benefits, it is possible to achieve long-term development. According to the findings of this study, the environment receives the least policy attention and budget allocation of the three sectors of sustainable development. To improve its sustainability, each level of government must prioritise the environment alongside economic growth and social well-being. [9]

Result and Discussion:

Analytical Framework Sustainable Development: With many international organisations and national governments adopting sustainable development as an overarching policy goal, economic efficiency is no longer the sole goal of trade policy and agreements. The Ministerial Declaration reaffirms a strong commitment to the goal of sustainable development. There is now a substantial body of literature on the effects of trade liberalisation on sustainable development, that is, on the social and environmental consequences as well as the economic ones. Potential consequences in each of the three areas include:

- Economic consequences, including changes in per capita income, net capital formation, and employment.
- Environmental effects include changes in the quality of air, water, and land, as well as changes in biological abundance and diversity and other environmental resource stocks.
- Social consequences: effects on poverty and other measures of inequality; effects on health and education levels; changes in community culture and cohesion.

Figure 1 depicts the analytical framework that was used to interpret the literature. Trade policies can have direct (positive or negative) economic, social, and environmental consequences, but they also frequently have indirect consequences. Some policies (for example, changes in tariffs or quotas) have an impact on trade flows, which has a number of direct economic consequences (for example, on production, employment, and income). These, in turn, may have social and environmental consequences. The paths that cause-effect relationships take can be numerous and complex.

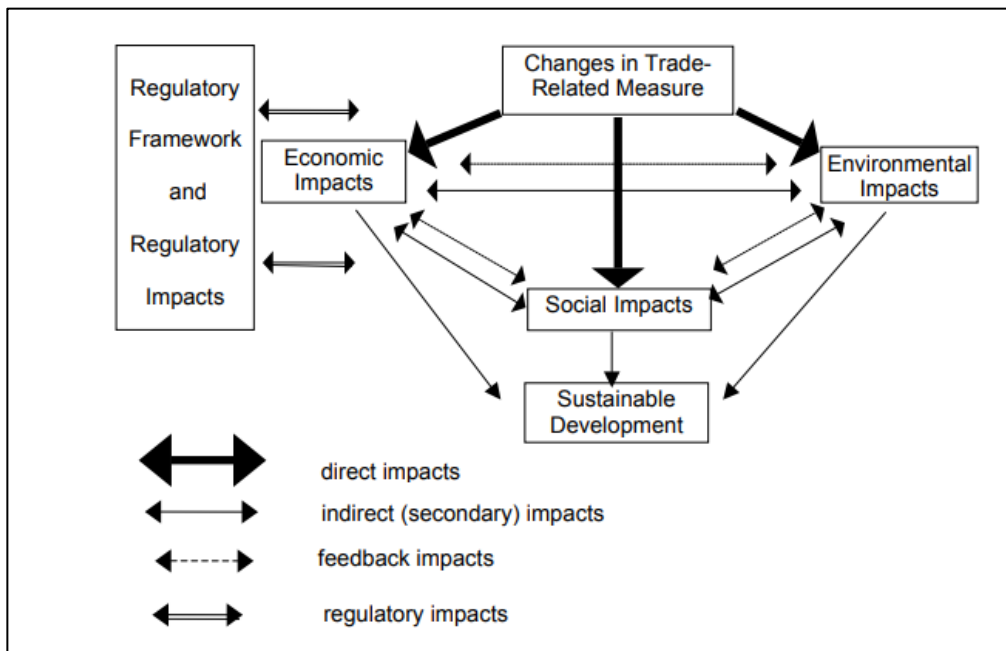


Figure 1: Types of Impacts of Trade Policy on Sustainable Development

Any change in trade rules may have an impact on underlying developmental or environmental processes like technological change, rural-urban migration, or land use change. Such processes frequently have the greatest influence on the components of sustainable development, so the effects of liberalisation are felt primarily through the extent to which they accelerate or decelerate these other processes. Furthermore, the direction and significance of impacts are frequently determined by the nature of the existing policy and regulatory frameworks, as well as policy changes that may be implemented in response to changes in the trade regime. As a result, institutional capacity becomes an important determinant of trade liberalisation outcomes, and the impact of a particular trade liberalisation measure can be very different, for example, in a low-income developing country with an underdeveloped institutional and regulatory framework, as opposed to a high-income Organisation for Economic Cooperation and Development (OECD) economy with an effective and well-developed capacity for policy analysis and implementation. Flanking and other supporting measures thus play an important role in influencing the outcome for sustainable development. [10]

Expanded tree of sustainable development, with subsidiary policy objectives or issues relevant to organising under the framework of the ecosystem method for fisheries [11]:

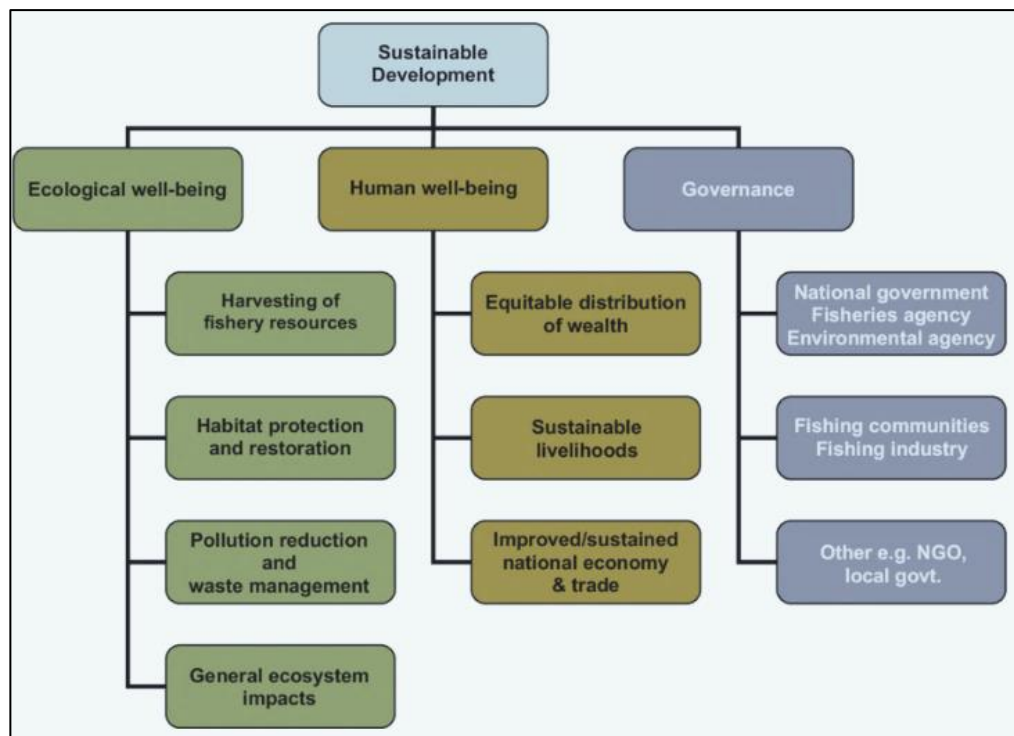


Figure 2: Tree of Sustainable Development

Socio-economic Policies for Sustainable Development:

Policies aimed at ensuring long-term economic growth, a healthy environment, or more inclusive social development are critical components of Socioeconomic Sustainable

development systems. A wide range of organisations, international institutions, and civil society organisations actively promote the sustainable development agenda. In practise, implementing policies that promote sustainable development necessitates the active participation of both economic and other policy groups, as well as ongoing efforts to build bridges between them.

Important components of Socioeconomic Sustainable Development Policy:

- **Vistas for Long-Term Planning:** In the absence of a proper framework for assessing the impact of policies on various types of resources, initiatives aimed at achieving short-term goals may be chosen, even if the long-term consequences are negative.
- **Pricing:** Prices need to reflect the actual costs and positive effects of the commodities and services provided to society in order for markets to promote long-term results.
- **Public Goods Delivery:** Many of the benefits of government actions required for sustainable development have public goods characteristics (basic research, information, health, and education).
- **Transparency and Accountability:** Because sustainability criteria cannot be stated solely in technical terms, a participatory approach is essential to successfully addressing the challenge of sustainable development.
- **Cost-Effectiveness:** Policies should aim to be as inexpensive as possible. This will necessitate ensuring that the costs of each additional resource invested are distributed evenly across the range of actions.
- **International Cooperation:** Spillovers are becoming more common as global interdependence grows. When countries face a variety of environmental and socioeconomic issues with global implications, a narrow focus on national self-interest is impossible. [12]

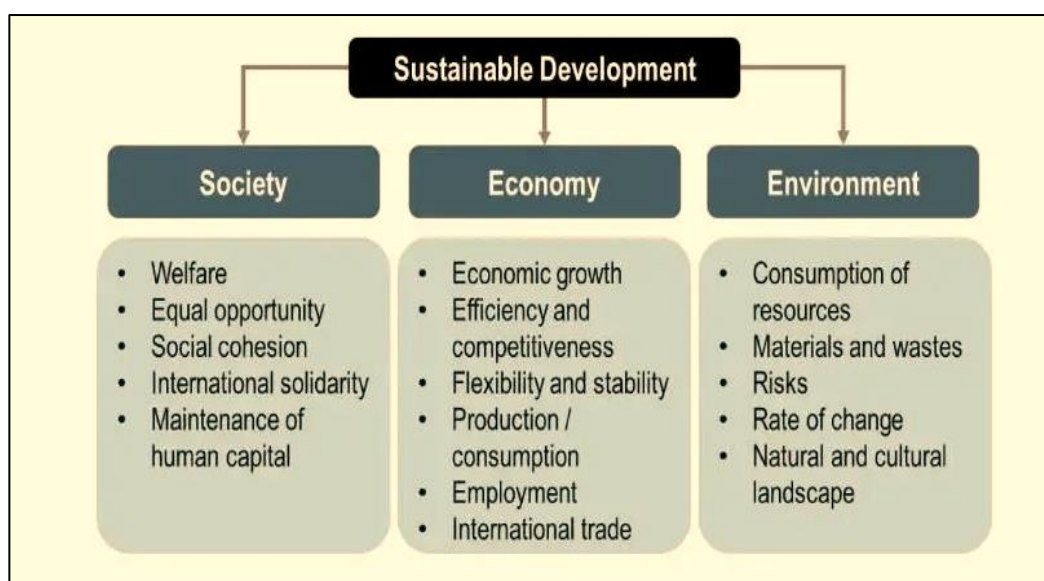


Figure 3: Socio-Economy Environment Sustainable Development

Conclusion:

The theoretical and empirical evidence that has been reviewed in this study confirms that while trade and investment liberalisation may be a necessary condition for continued growth and hence provide one of the cornerstone policies in promoting sustainable development, it is not a sufficient one. To ensure that trade and investment liberalisation contributes to sustainable development in developed and developing countries, sound social and environmental policies are needed, both at the national and international level. This requires the development of appropriate regulatory frameworks. The robustness of environmental and social policies and institutions, including the adequacy of supporting regulatory instruments, are important determinants of the environmental and social impacts of trade and investment liberalisation. The theoretical and empirical evidence that has been reviewed in this study confirms that while trade and investment liberalisation may be a necessary condition for continued growth and hence provide one of the cornerstone policies in promoting sustainable development, it is not a sufficient one. To ensure that trade and investment liberalisation contributes to sustainable development in developed and developing countries, sound social and environmental policies are needed, both at the national and international level. This requires the development of appropriate regulatory frameworks. The robustness of environmental and social policies and institutions, including the adequacy of supporting regulatory instruments, are important determinants of the environmental and social impacts of trade and investment liberalisation. The theoretical and empirical evidence reviewed in this study confirms that, while trade and investment liberalisation are necessary conditions for continued growth and thus one of the cornerstone policies in promoting sustainable development, they are not sufficient. Solid social and environmental policies, both at the national and international levels, are required to ensure that trade and investment liberalisation contributes to sustainable development in both developed and developing countries. This necessitates the creation of appropriate regulatory frameworks. The robustness of environmental and social policies and institutions, as well as the adequacy of supporting regulatory instruments, are important determinants of trade and investment liberalisation's environmental and social impacts.

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