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Globalisation is the only answer

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The Brexit referendum in the United Kingdom and the presidential race in the United States have shown, among other things, that public distrust of global integration is on the rise. That distrust could derail new trade agreements currently in the works, and prevent future ones from being initiated.

The danger implied by this scenario should not be underestimated. Isolationism and protectionism, if taken too far, would break the trade-based economic engine that has delivered peace and prosperity to the world for decades.

As a former trade minister for Costa Rica, I know how difficult it is for countries - developed and developing alike - to craft trade policies that deliver benefits to all of their people. But just because managing the effects of globalisation is difficult does not mean we should throw our hands up and quit.

In the developing world, trade has delivered high growth and technological progress. According to the World Bank, since 1990, trade has helped to halve the number of people living in extreme poverty. But these gains, while impressive, are not necessarily permanent. If high-income countries close themselves - and their consumers - off from global markets, the world's poorest people will suffer the most.

Trade thrives in an open environment of willing participants acting in good faith and governed by clear rules. Short of this, the forces of globalisation can turn cooperation into conflict. That's why policymakers should focus on four areas.

First, countries should dismantle protectionist measures they have in place, and make a firm commitment not to implement policies that distort global markets.

Second, countries should come together to update the international rules governing trade to account for changing economic conditions, and effectively implement negotiated agreements.

Third, individual countries and institutions such as the World Trade Organisation should work together to eliminate barriers that increase trade costs. In particular, they must abolish agricultural subsidies, remove restrictions on trade in services, improve connectivity, facilitate cross-border trade and investment, and increase trade finance.

Finally - and most important - wealthy countries should support developing countries' efforts to integrate themselves further into the global economy. Given trade's record of reducing poverty, this is a moral imperative. It is also indispensable for peace and stability.

To be sure, trade must deliver for all countries and for all people, from factory workers suffering plant closures in Europe or the United States to subsistence farmers trapped in informal economies in Africa and South Asia. But those who suggest that trade is a zero-sum game are simply avoiding the hard questions. Who should bear the painful dislocation costs from trade and new technologies? What policies will enable dislocated people to pursue new opportunities? How can countries maintain productivity-led growth in an age of frequent and sudden disruption?

The challenges of global integration are not new, but nor can they be ignored. Policymakers should mind the lessons of economic history. Above all, they should bear in mind that even during past periods of rapid technological change, far more people benefited from free and open trade than from protectionist barriers.

No country in today's world can seal itself off from foreign goods, services, capital, ideas, or people. Instead, leaders should foster more commerce to include more people. They can do so by adopting international rules to manage openness and interdependency; establishing stronger social safety nets; investing in innovation, education and skills-training, and infrastructure; and, creating a more conducive regulatory environment for businesses and entrepreneurs to foster stronger and more inclusive growth.

No country can deliver long-term prosperity to its people on its own. Closer international cooperation and economic integration is the only way forward.

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