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In 2018, trade, more than any other policy area, was “disrupted”. What used to be an archaic, technical, and—let’s face it—boring array of issues now dominates front-page headlines, magazine covers, and even John Oliver’s comedic documentaries on HBO’s *Last Week Tonight*. Constituencies that have traditionally opposed free-trade agreements (FTAs) are now extolling their virtues, and countries not known for their free-trade sensibilities—including China, Russia and France—are nominating themselves as the defenders of the global trade system.

Still, it is worth asking how much has actually been disrupted. President Donald Trump did pull the US out of the 12-country Trans-Pacific Partnership (TPP), but the remaining 11 signatories have implemented the bulk of the agreement on their own, while leaving the door open for the US to rejoin in the future. And more countries have shown an interest in joining, suggesting that the TPP could eventually extend well beyond what was originally envisioned. Moreover, the updated North American Free Trade Agreement—now to be called the United States-Mexico-Canada Agreement—is largely based on the TPP template, which already included Canada and Mexico, with some noteworthy additions.

Meanwhile, the European Union (EU) is implementing FTAs with Canada, Singapore, Vietnam and Japan, and pursuing deals with Australia, Mexico, New Zealand, the Association of Southeast Asian Nations, Mercosur and others. The Pacific Alliance continues to expand trade and other partnerships in Latin America. The Regional Comprehensive Economic Partnership (RCEP) is proceeding apace in the Asia-Pacific region. And the African Union has made more progress toward implementing the Continental Free Trade Agreement (CFTA).

In short, the global trend toward deeper integration and higher standards in trade has continued. The Trump administration has certainly made a lot of noise by deploying trade remedies in unpredictable and unexpected ways, engaging in tit-for-tat tariffs, reintroducing import quotas, and seriously constraining the World Trade Organization’s dispute-settlement body. Yet, in the end, Trump’s revamping of Nafta might actually help to broaden support for trade in the US, given that many of his most loyal supporters have traditionally been suspicious of trade agreements.

That, at any rate, is the glass-half-full interpretation. The alternative is that there has, in fact, been a significant historical rupture. By surrendering its global leadership role, the US has lost the trust of its closest allies and partners, and handed a gift to its adversaries. In this scenario, the EU or China might supplant the US as the global rule-maker, or there will be no rule-maker, and the international order will be governed by drift. In the latter case, other countries might well imitate the US by pursuing unilateral action and upholding their international obligations only when it suits them.

It is too early to say which scenario will play out. But one thing is clear: Nationalism, populism, nativism and protectionism are on the rise. Economic insecurities, as well as a growing sense of lost sovereignty, have contributed to an unprecedented degree of political polarization, and not just in the US. From European countries beset by growth in support for fringe parties to emerging economies mired in corruption, governments everywhere seem to be more inwardly focused and less capable than ever of demonstrating bold leadership—and precisely when it is most needed to address the disruptive effects of rapid technological and economic change.

With a leadership vacuum at the international level and paralysis at the national level, it has

become all the more necessary for private sector actors to step up, not out of the goodness of their hearts, but in defence of their own interests. As BlackRock chairman and chief executive officer Larry Fink and others have pointed out, it is no longer enough for companies to be focused solely on short-term returns to shareholders. They also need to be thinking about the long term and about the economic and political environments in which they operate. Beyond corporate social responsibility and philanthropy, that means developing commercially sustainable business models that also “serve a social purpose.”

Doing well by doing good can't be just a tagline. It must be a guiding business philosophy, backed by the recognition that the private sector needs a healthy political and economic environment to thrive and must take action to secure it. In recent decades, public trust in government, the press, corporations, and other leading institutions has declined sharply. If business leaders continue to ignore the health of their operating environment—or assume that fixing it is someone else's problem—they are risking even more deglobalization, uncertainty and instability in the years ahead.

Economic growth has been the defining feature of a historic global success story spanning the past 75 years. Even with its limitations, globalization has lifted more than one billion people out of poverty and delivered unprecedented improvements in virtually all areas of human development. But the job is not done. To prevent backsliding, the focus must shift from aggregate growth to inclusive growth. The gains from growth must accrue not just to those at the top, but to those at all income levels, and not just to global corporations, but to small and medium-size businesses as well.

Nationalism, populism, nativism and protectionism exploit people's sense of being left behind and excluded from the system. That is why we need to focus on ensuring universal inclusion in the economic networks that allow individuals and families to achieve financial security and pursue opportunities for betterment. This imperative applies as much to a Kenyan farmer or an Egyptian garment worker as it does to an American now eking out a living in the gig economy.

It remains to be seen whether the current disruption in trade policy will be deep and long-lasting, or superficial and temporary. We cannot yet know if we will see a return to the mean or whether a Pandora's box has been opened. But, in the absence of international and national leadership, businesses should not wait to find out. ©2018/Project Syndicate

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