



## Why Globalization Has Been Beneficial Worldwide

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The progressive integration of peoples, countries, and regions is doubtless the most important development of our time, yet globalization – as this process is labeled – is often called into question and frequently invoked by politicians as a scapegoat for all types of economic misfortunes. Donald Trump won the 2016 U.S. presidential election in part by invoking nationalist and protectionist arguments. Similarly, nationalist arguments were front and center during the Brexit vote in the United Kingdom about leaving the European Union, the German and French elections and the Catalanian referendum. In many countries, political controversies are dominated by groups that appear to be losers in ongoing globalization. At a time when new policies are widely debated to stem the rise of populist discontent, it makes sense to step back and take note of the many ways in which globalization has recently coincided with major humanitarian progress.

### Unprecedented Recent Global Progress

After the devastation and losses of World War II, the world population stood at about 2.5 billion and many people feared that famine would spread, that gaps between the rich and the poor would increase, and disorders would become ever more frequent. However, today we live in a world of 7.5 billion people, and the proportion of people living below the absolute poverty line has declined rapidly. The gap between developed and developing countries has also steadily narrowed. Around the globe, despite significant differences from country to country, life expectancy has increased from 48 to 71 years and per capita income has expanded by 500%.

Humanity has arguably just experienced its best quarter century. Since 1990, for example, the share of people in low-income countries living in extreme poverty has diminished from 47% to 14%. And infant mortality – a critical indicator – has been halved. The world has never seen anything like this before. And progress is not just demographic. Over the last ten years, major discoveries have been made, such as three-dimensional printing, the first implantation of an entirely artificial heart, and cancer immunotherapy to name a few.

### How Can Spectacular Progress Be Explained?

Advances in science and technology have been crucial, recent drivers of progress, but so has enhanced transnational trade and investment. Worldwide drives toward economic liberalization have furthered these positive developments, making increased global integration one of the most important causes of several decades of human progress.

These days, transnational trade is often blamed for factory closures and migrations of workers in high-income countries. Of course, there are not as many farmers today as in the last few decades or centuries; and Lancashire cotton factories, Pittsburgh steel mills, and Duisburg coal mines have closed their doors. In recent times as in earlier centuries, the children of workers in contracting industries often migrate to the expanding cities and get new kinds of jobs.

The disappearance of old industries comes mainly from new technologies that have improved productivity and amplified the wealth of many societies. Technological evolutions in every economic sector mean that some jobs are destroyed while others are created. The solution to the disruptions that accompany such changes for many workers and communities is not to go back to past ways of doing things, but rather to move ahead by giving priority to training that will relocate the unemployed. Similarly, although globalization is often blamed for growing inequalities, such trends are often more attributable to other factors apart from trade, including technological changes and national political choices.

### A Short and Selective Memory

Today's anti-globalists have transformed nostalgia for the past into a rallying cry. They want not only America but also European countries to be "Great Again" to quote Donald Trump in his presidential campaign. Politicians and advocates of many stripes seem to agree that the root cause of problems for many, especially in advanced nations, is to be found in globalization – an easy scapegoat that often finds unanimous condemnation. Yet for most people in the world the period before recently intensified globalization was poor, brutal and short.

In developed nations, economic conditions were certainly less favorable in the years following the financial crisis of 2008, but by now employment and economic growth are recovering almost everywhere. Real economic growth in the Euro area rose by more than 2% on an annual basis in 2017, marginally above economic growth in the United States. And all the economies of the European Union should see positive economic growth in the coming years. Meanwhile, the U.S. economy is already performing well and unemployment remains below 5%.

Today's societies are certainly coping with expanding international migrations, allowing nativist populists to highlight supposed threats to national identity. Although a transnational U.S. culture remains influential, the world is changing and politicians can stoke fears and defensiveness – falsely claiming that problems will be solved by steps such as a return to national currencies for countries in the Euro-zone or building walls around the United States territory and economy.

## **What to Do?**

Any return to nationalism and protectionism would threaten the poorest countries and people. Poverty on a global scale has sharply ebbed amidst globalization, and that trend could continue. The United Nations has called for development to eradicate extreme poverty by 2030, and attainment of that goal depends entirely on economic growth through trade, technological innovation, and international cooperation. If leading nations erect trade barriers, engage in digital mercantilism, take further steps to undermine the liberal world order, the predictable disruptions will severely harm the extreme poor in Africa and other underdeveloped areas, while doing nothing to help coal miners in West Virginia. As successful people in every country shelter themselves, protectionism would hurt the least educated and most economically vulnerable.

Obviously, free trade is not the only key to growth and poverty alleviation, and certain governments and policies do a better job than others of spreading gains and minimizing harms. But the best steps to move forward cannot be found if globalization is mistakenly seen as the cause of all the world's economic ills.