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Managing Openness Trade and Outward-Oriented Growth after the Crisis

Edited by Mona Haddad and Ben Shepherd

The global financial crisis and the attendant collapse in trade—which affected all countries and all product categories—have triggered a broad reassessment of economic integration policies in developed and developing countries worldwide.

In the aftermath of such macroeconomic instability, it is not surprising that some commentators are calling into question the underlying assumptions of trade liberalization and openness. In particular, the association between openness and volatility, as well as the prospect of global economic rebalancing, have led some commentators to reconsider outward-oriented or export-led growth strategies.

If the global economic crisis highlights anything about policies of outward-oriented growth, it is that they are not a panacea for development. No set of policies is. Rather, outward-oriented growth offers both opportunities and risks for developing countries. The key is in finding the appropriate set of policies to manage openness, one that maximizes its benefits and minimizes its costs.

The economic benefits that openness can offer are well known, and most policy makers in developing and developed countries alike remain committed to the progressive opening of international markets. Although there is a need for continued policy monitoring, most countries' policy-level commitment to openness has not been undermined by the crisis—witness the relatively limited recourse to protectionist policies since the crisis began, despite its magnitude. The evidence presented in this volume suggests that many developing countries will continue along that course for the foreseeable future.

This title contributes to this important policy debate by presenting a comprehensive analysis of recent empirical work on the trade-related aspects of the crisis and providing relevant insights on how countries can manage outward-oriented growth in the postcrisis environment. The authors address critical policy issues revolving around the topic of outward-oriented growth, including the following:

- The continued relevance of the export-led growth model in the postcrisis environment, and the increasing importance of South-South trade
- Policy instruments to help manage the risks that come with increased openness
- Lessons learned from the crisis for particular countries and regions
- Effects of emerging trade policy issues—such as climate change, commodities, global production networking, and migration—on the prospects for recovery and outward-oriented growth.

This book will be of special interest to policy makers and civil society organizations in developing countries, as well as to students of international economics.

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