

No Going Back

There’s more than hot air to all the scary talk about the way the global recession is bringing out protectionist impulses.

One need look no further than the foolish (and probably treaty-breaking) Buy American provisions in the stimulus package. Still, the retreat is mostly symbolic. All the high-income economies have become enmeshed in a vast web of world trade, in which they specialize in the high-value components of myriad goods and sources while outsourcing the

rest. Retreat is just no longer practical. In 1995, the 30 member-countries of the Organization for Economic Cooperation and Development had an average trade (exports plus imports)-to-GDP ratio of 0.192 – that is, traded good and services represented roughly 19 percent of total production. Just 12 years later, the ratio was an astonishing 0.278. **M**

IMPORTS + EXPORTS AS A PERCENTAGE OF GDP

| SELECTED OECD MEMBERS | 1970 | 1980 | 1995 | 2007 |
|-----------------------|-------|-------|-------|-------|
| Australia | 13.0% | 16.1% | 19.4% | 20.7% |
| Canada | 21.0 | 27.2 | 35.7 | 33.7 |
| Czech Republic | NA | NA | 52.9 | 77.7 |
| France | 15.6 | 22.0 | 22.2 | 27.5 |
| Germany | 17.2 | 22.7 | 23.7 | 43.4 |
| Japan | 10.2 | 12.1 | 8.5 | 16.8 |
| Korea | 18.7 | 36.0 | 29.4 | 45.2 |
| Mexico | 8.7 | 13.0 | 26.5 | 29.2 |
| Poland | NA | NA | 22.1 | 42.2 |
| Turkey | 4.0 | 4.2 | 17.5 | 25.5 |
| United Kingdom | 21.8 | 27.5 | 28.3 | 28.0 |
| United States | 5.6 | 9.5 | 11.7 | 14.7 |

SOURCE: OECD (2009)



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