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Us vs. Them? The global economy in a time of economic nationalism [1]

Written by **Blog Editor** [2] | Friday 1 May 2009

Rising unemployment and economic contraction spawned by the financial crisis have inspired governments in almost every major economy to ?do something." Often that has included raising barriers to trade, subsidising domestic industries, compelling local lending while deterring lending abroad, and preventing the benefits of Keynesian ?stimulus" spending from ?leaking" outside national boundaries. The mantra of both the Right and the Left has become ?British jobs for British workers," while the American government precludes ?bailed-out" financial institutions from hiring foreign workers.

But is this inward-looking thinking anachronistic for the modern global economy? Over the past 50 years, falling barriers to trade have led to an unprecedented division of labour. Where supply chains were once very small and usually entirely domestic, they have evolved into highly efficient transnational operations, often spanning several countries. It?s no longer ?our" producers vs. ?their" producers; nowadays our producers are the customers of their producers and vice versa. Collaborations of our producers and their producers compete against other collaborations of our producers and their producers.

The impact of rapidly increasing levels of trade in recent decades has been overwhelmingly positive in terms of innovation, job creation, growth, and poverty reduction around the world. But changes in trade policy thinking didn?t keep pace with changes in commercial reality, which has kept the door ajar for a resurgence of economic nationalism. Does that spell the end of the global supply chain? Daniel Ikenson, trade expert at the Cato Institute in Washington D.C., will discuss these issues in an upcoming event hosted by The Adam Smith Institute and International Policy Network [3]:

Date: 28th May 2009
Time: 12:30 - 2:00pm (buffet from 12:30, talk from 13:00)
Location: 23 Great Smith Street, London, SW1P 3BL

If you would like to attend this event, please email events@adamsmith.org [4]

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