

greater part of its history has grown by importing technology rather than developing it.<sup>6</sup>

The actual expansion of trade in the modern era of globalization has been quite phenomenal. The WTO's 2002 *International Trade Statistics* show that, in the period 1950 to 2000, world merchandise trade volume grew at an average annual rate of 6.2 percent, while during the same 50 years the pace of growth in world output was 3.9 percent.<sup>7</sup> The result is that world merchandise trade increased by about 20 times while world output increased by only 6.4 times. For the world, the ratio of exports of goods and services to GDP rose from 7.9 percent in 1950 to 19.2 percent in 2000.<sup>8</sup> For developing countries, the export share of GDP rose to 21.8 percent in 2000.<sup>9</sup> And these figures are more than doubled when the sales of multinational firms through their foreign establishments are factored into the equation—sales through foreign establishments being an alternative to cross-border trade and, in the case of many services, the only practical way to conduct trade.

By conventional economic theory, therefore, we should have witnessed a significant degree of income convergence globally during this period. And, indeed, insofar as there have been some cases of convergence, these have been nations that became successful traders; again, the prime example is furnished by the East Asian "miracle" economies.<sup>10</sup>

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<sup>6</sup> This story holds even if a country that is not introducing new innovations experiences an outflow of highly skilled professionals to countries that are actively innovating—the sort of "brain drain" issue that has actively been discussed in Canada.

<sup>7</sup> Acquired from the World Trade Organization website [www.wto.org/english/res\\_e/statis\\_e/statis\\_e.htm](http://www.wto.org/english/res_e/statis_e/statis_e.htm) on March 4th, 2003.

<sup>8</sup> "Some Facts and Figures, Data for Doha" [www.wto.org/english/thewto\\_e/minist\\_e/brief\\_e/brief21\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/brief_e/brief21_e.htm)

<sup>9</sup> "Adjusting to a Globalized Economy" Eduardo Aninat, Deputy Managing Director, IMF, Second Annual America's Forum, October 13<sup>th</sup>, 2000, [www.imf.org/external/np/speeches/2000/101300.htm](http://www.imf.org/external/np/speeches/2000/101300.htm)

<sup>10</sup> In this connection, it must be pointed out that while some countries have managed to integrate into the global trading system and to experience