

## Beetle Mania

I saw my first VW Beetle in the early 1970s, when a neighbor pulled up in a little yellow car with a distinctly round shape. At the time, the roads in western New York were filled with American muscle—slab-shaped land yachts from Detroit—and the little car from Wolfsburg, Germany, with the rear-mounted engine and trunk in front, captured the neighborhood's attention.

I was young at the time and didn't appreciate how global trade was transforming the U.S. auto market. Smaller, more fuel efficient cars—built from the ground up at factories in Germany and Japan and shipped to the United States—were quickly taking market share from Detroit. The VW Beetle was an emblem of this era, and its rise was powered by global trade.

Fast-forward to August 2013. I pull out of the car rental lot at Seattle-Tacoma airport in a black "New Beetle." The new version of this iconic car features a more aerodynamic and aggressive design. But that's not the only difference. The new Beetle, like most automobiles manufactured today, is the product of the globally integrated supply chain, where parts are produced by hundreds of suppliers located in dozens of countries and shipped "just in time" to a plant for final assembly.

This global supply chain, as Bernard Hoekman explains in "Adding Value" in this issue of *F&D*, is one of the most powerful—and promising—forces in global trade today, offering new opportunities for poorer countries to become part of the global factory.

How to facilitate the expansion of the global supply chain is just one of the subjects we tackle in this issue of *F&D*, which focuses on the future of global trade. Others include trade in financial services, where Stijn Claessens and Juan Marchetti examine how the global financial crisis affected international banking and financial services. Thierry Verdier looks at another critical aspect: how governments regulate the creation, dissemination, and movement of intellectual property across borders.

Of course, the movement of intellectual property—as well as goods and services—across borders is subject to multilateral "rules of the game," which are hammered out by countries during global trade talks. Eminent trade economist Jagdish Bhagwati brings us up to speed on the latest multilateral negotiations and offers a spirited argument for multilateralism.

Elsewhere in this issue, Maureen Burke profiles Peter Blair Henry, the youngest dean of New York University's business school, whose work on debt relief challenged conventional wisdom. Other articles tackle inequality in Asia, transparency and the transmission of financial shocks, managing citizen expectations in the face of natural resource booms, fiscal policy in the run-up to elections, and the anatomy of a country's currency reform.

As always, we aim to provide engaging and thought-provoking coverage of the evolving global economy. We'd love to hear what you think of *F&D* in a letter, via email, or on Facebook at [www.Facebook.com/FinanceandDevelopment](http://www.Facebook.com/FinanceandDevelopment).

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