

OFF THE CHARTS

Free to Spend, Developing Economies Recover Quicker

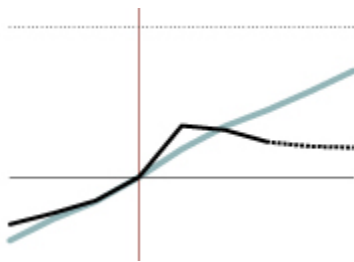
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THIS has not been a good recovery for the wealthy countries. Growth has lagged, in part, because government spending has been far more restrained than in past recoveries from major recessions.

Multimedia



Graphic

[Off the Charts: Rich Countries Lag](#)

But developing economies have been free to increase government spending, and their economies are generally growing more rapidly than they did after past recessions.

The accompanying charts, based on data released this week by the [International Monetary Fund](#) in the [semiannual World Economic Outlook](#), show the stark differences in performance.

At the top are charts comparing changes in real gross domestic product per capita in developing countries and advanced economies since 2008, including the fund's forecasts for 2013 and 2014. In every year, the developed countries have lower growth. The monetary fund forecasts that this year the increase in the United States will be a paltry 1 percent, which at least is better than the forecast for the euro zone and Britain, where declines are expected.

A major reason for the slow recoveries is the absence of fiscal stimulus in much of the developed world. The middle charts show trends in government spending in advanced economies and in developing ones, comparing the trend during the current recovery to an average of the recoveries after three previous world downturns — in 1975, 1982 and 1991. In

each case, the figures treat the year before the downturn as zero, and show how earlier and later years differed from that year.

In emerging markets, spending this time has been much stronger than in previous recoveries. But the opposite is true for developed countries, both as a group and for each of the four major regions — the United States, the euro zone, Britain and Japan — that are shown in separate charts.

Those changes reflect the determination to follow a path of austerity in much of the developed world. Many developing countries, having built up foreign exchange reserves in the years before the recession, do not need to follow that course.

The Great Recession brought a drop in world trade volumes that exceeded any decline since the Depression. But as the charts show, the percentage declines were a little less in developing countries than they were in developed countries. And since then, the recoveries have been far more impressive in the less developed countries.

In the euro zone, the total level of imports has still not recovered to 2007 levels, although the International Monetary Fund says it thinks that will happen in 2014. The same is true of exports from Japan, a country whose export prowess once seemed unmatched but lately has been running trade deficits.

Among the four developed regions shown, only the United States has experienced an export revival that is comparable to that of the average emerging market.

Floyd Norris comments on finance and the economy at nytimes.com/economix.

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