

The Conscience of a Liberal

PAUL KRUGMAN

JULY 15, 2013, 12:40 PM

America Is Flat

Sorry about radio silence this AM — busy with errands, but also feeling the need for at least a mental vacation from all the ugliness. And I'm going to continue that vacation by posting about something with little or no relevance to current policy debates, but which I've been curious about and doing a bit of casual research about on the side.

I've long had a small bee in my bonnet about the line — which you hear all the time — that portrays long-distance travel, trade, and so on as something new. You know: back in the day people lived in the same place all their lives, they only did business with their immediate neighbors, each village was self-sufficient, but now we're in a world of global globalizing globaloney and all that.

Obviously if you go back far enough the caricature was true. But we've had a lot of international migration and trade ever since steam engines and telegraphs came in. There has been a recent huge increase in the value of manufacturing trade, tied to vertical disintegration of production; but aside from that, to what extent is the world really getting smaller or flatter or whatever?

Well, there's one trend we know about that runs completely counter to the usual perception: within the United States, at least, people are moving less — a lot less. [Greg Kaplan and Sam Schulhofer-Wohl](#) (pdf) say that interstate mobility has been cut in half over the past 20 years. And interestingly, they suggest that this is in part because regions have become more similar: increasingly, different parts of the country are producing the same kinds of things and employing the same kind of people, so that there's less reason to move.

This story actually matches up with what the [new economic geography](#) literature says, which is that regional specialization peaked around a century ago and has been declining since. Once upon a time steel came from Pittsburgh, butchered hogs from Chicago, pencils from Pennsylvania, coats from North Dakota, and all that; nowadays we're all cubicle rats doing whatever it is we do:

But here's my question: if we're all increasingly doing the same thing, shouldn't we be doing less trade with each other? Now, we know that *international* trade has been rising fast. But is the same true of interregional trade within the United States?

Well, we don't actually collect that kind of data (although the Canadians do; more on that in a minute). We do, however, have the [Commodity Flow Survey](#), which measures total

domestic shipments of stuff in general. What does this tell us? Well, it shows a slight decline over time in the ratio of shipments to GDP:

Meanwhile, Canada has actual data on interprovincial trade flows. Looking only at goods, to be more comparable to the US numbers, I get this:

It's a smaller number, because a lot of those US shipments are short-distance and wouldn't register as interprovincial trade. But again, a small decline rather than the big rise we see in international trade.

So what's the moral of the story? Well, the world is flat, but America isn't. Or actually, *America is flat* — more and more, it's all the same, which gives us less reason to move and even less reason to ship stuff around.

And the growth of international trade in manufactured goods needs, perhaps, to be seen as something more special and less generic than often imagined. It's not that there's some inexorable force leading to stuff rattling around the globe; it's that the combination of containerization and trade liberalization has made it possible to break up the value chain to take advantage of international wage differences.

As I said, no idea if there's any policy relevance here; but I'm having a bit of fun.