

## UK's Brown warns of protectionism danger

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Prime Minister Gordon Brown of the United Kingdom warned on Saturday that financial protectionism is a greater danger than trade protectionism in the current global economic crisis.

He told the World Economic Forum Annual Meeting 2009 that cooperation between major powers and global financial institutions is vital to ensure a continued flow of credit to developing and smaller countries, which are likely to be the biggest victims of the recession.

“ There is an implicit protectionism in what is happening now, ” he declared, referring to moves in several countries to restrict government funding for bolstering endangered banks to national financial institutions and barring overseas operations from benefiting. This is leading to the withdrawal of capital from these institutions ’ foreign operations, he added.

“ If this continues, what you will see is a form of financial protectionism ... financial isolationism, ” Brown said.

Developing countries, likely to suffer most in the global crisis because their own domestic financial sector is still weak, are already seeing a dramatic loss of capital, he added.

Brown said there is a risk of trade protectionism – the imposition of heavy tariffs and other barriers to imports of foreign goods, which is widely seen as having turned the 1929 crash into the Great Depression of the 1930s. “ We have got to keep an eye on that, ” he declared.

“ But the bigger problem is financial protectionism. ”

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