

First Lecture

The Post-War Global Political Economy: Order and Disorder

How is the “Capitalist Order” one of disorder?

Order or disorder?

What is new?

- **Regrouping**
- **Conflict: cold and hot**
- **Globalization: de-colonization, transnational corporations, transition from socialism, emerging markets**

Overview

- **Hegemonic transition: GB \Rightarrow US \Rightarrow ?**
- **Early 20th century: US able but unwilling**
- **“Systemic chaos”: Great Depression and WWII**
- **Next move?**

Post-war Bretton Woods order

- **Structures: power, coalition (ideal/material), hegemon.**
- **Institutions: IMF, World Bank, GATT&WTO**
- **Decline: Western stagflation, debt crisis and catching up in LDC**

State rivalry

- **Bi-polar world: NATO and the Warsaw Pact**
- **New imperialism: re-dividing the world, de-colonization, aid and fist**
- **Bellicosity and re-armament**

Globalization

- **Internationalization vs. transnationlization.**
- **Trade and capital flow**
- **Coordination**

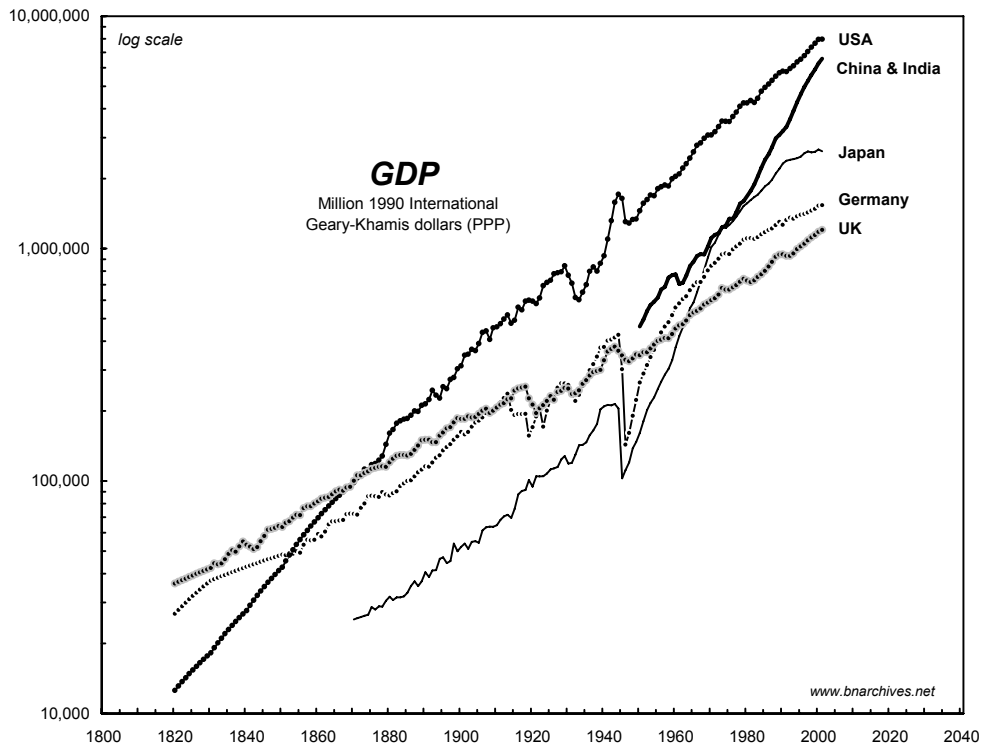


FIGURE 1 Long Term Shifts

NOTE: Data represent GDP measured in purchasing power parity.
 SOURCE: Angus Maddison <http://www.ggd.net/>

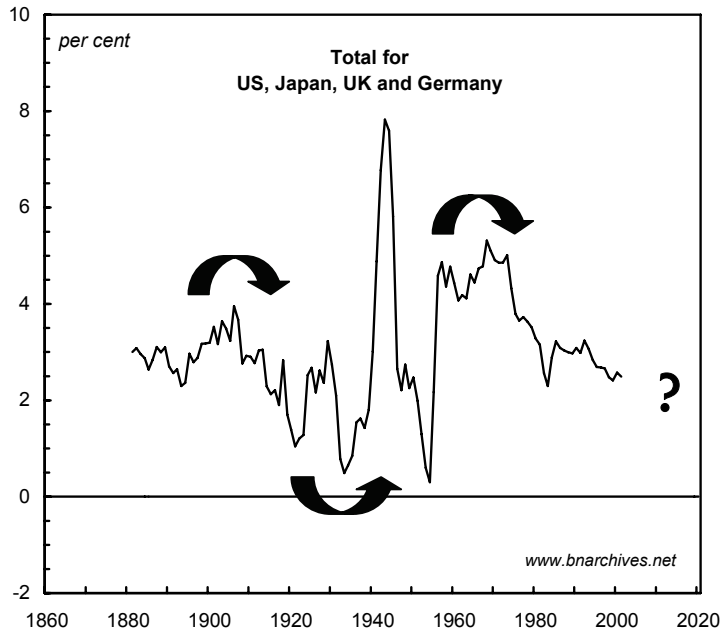


FIGURE 2 Long Term Growth

NOTE: Data represent GDP measured in purchasing power parity.
 SOURCE: Angus Maddison <http://www.ggd.net/>

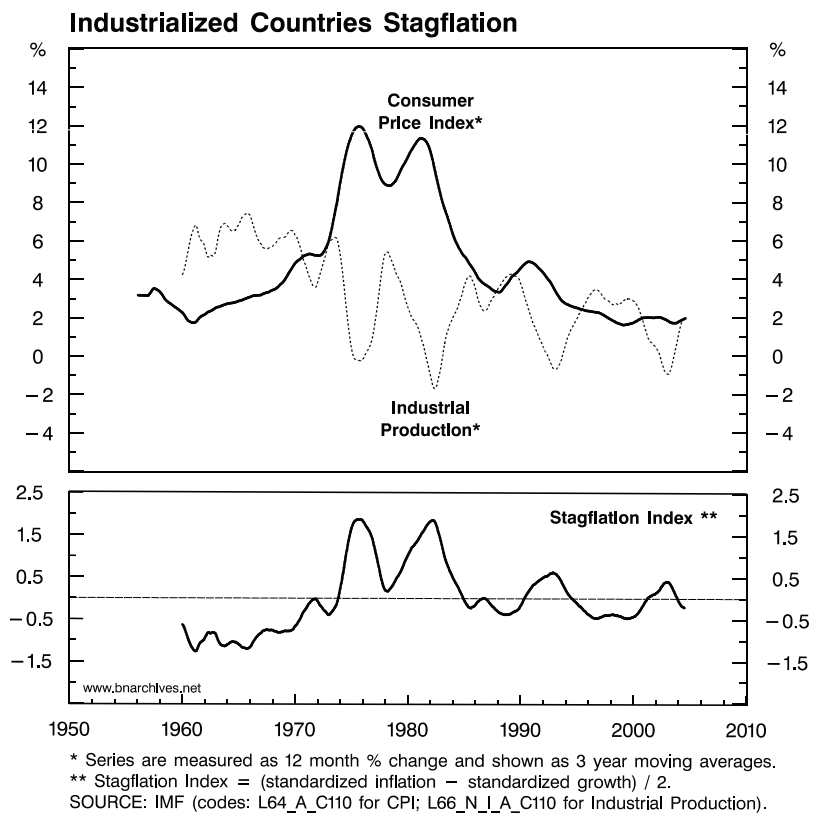


FIGURE 3 Stagflation

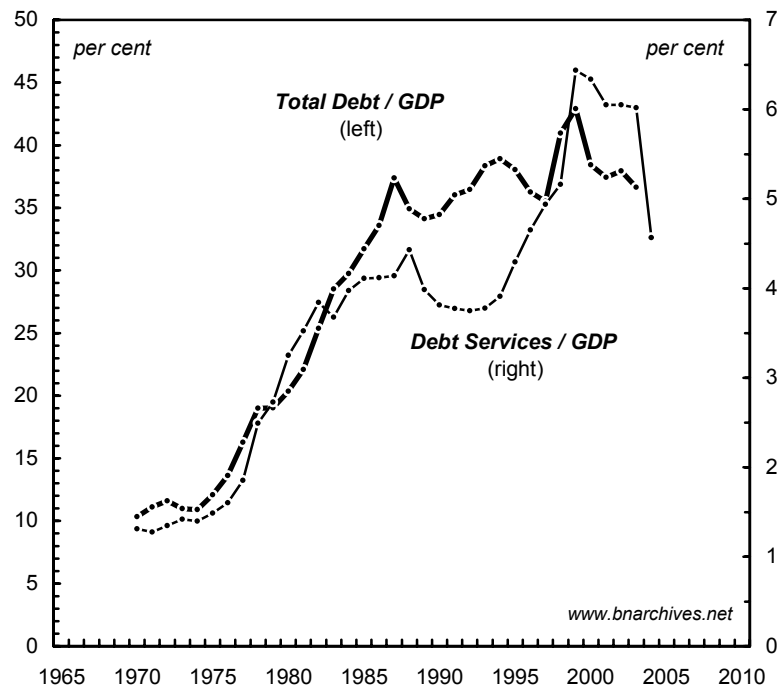


FIGURE 4 Debt Indicators for Developing Countries

NOTE: Developing countries are defined as low income countries (per capita 2004 GDI of less than \$825) and middle-income countries (per capita 2004 GNI of \$825-10,065).

SOURCE: *World Development Indicators* (codes: NY.GDP.MKTP.CD for GDP in U.S. dollars; DT.DOD.DECT.CD for total debt in U.S. dollars; DT.TDS.DECT.CD for debt services in U.S. dollars).

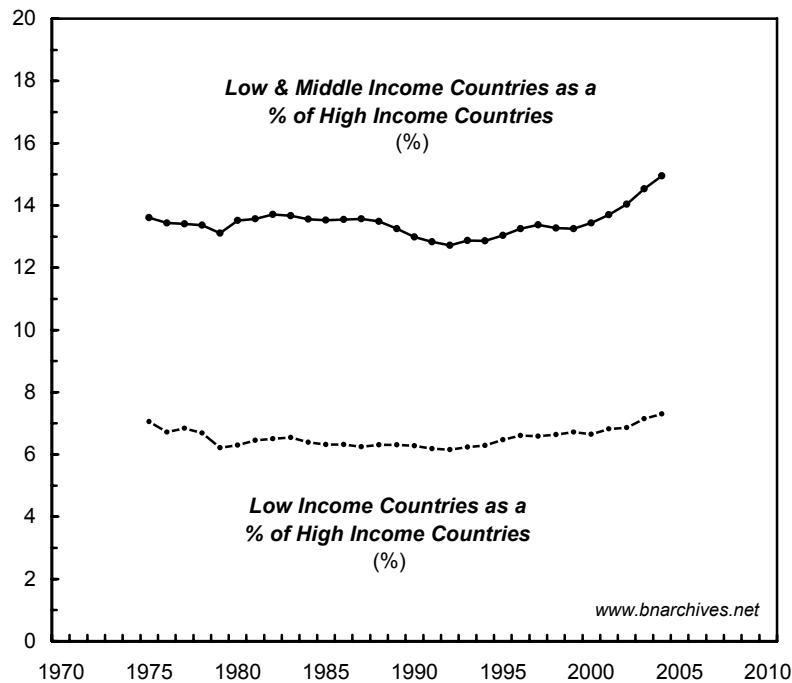


FIGURE 5 GDP per Capita: Developing Countries Relative to High Income Countries

NOTE: Low income countries have per capita 2004 GNI of less than \$825). Middle-income countries have per capita 2004 GNI of \$825-10,065.

SOURCE: *World Development Indicators* (NY.GNP.PCAP.PP.CD for \$ per capita GNI of high income countries; NY.GNP.PCAP.PP.CD for \$per capita GNI of low income countries; NY.GNP.PCAP.PP.CD for \$ per capita GNI of low and middle income countries).

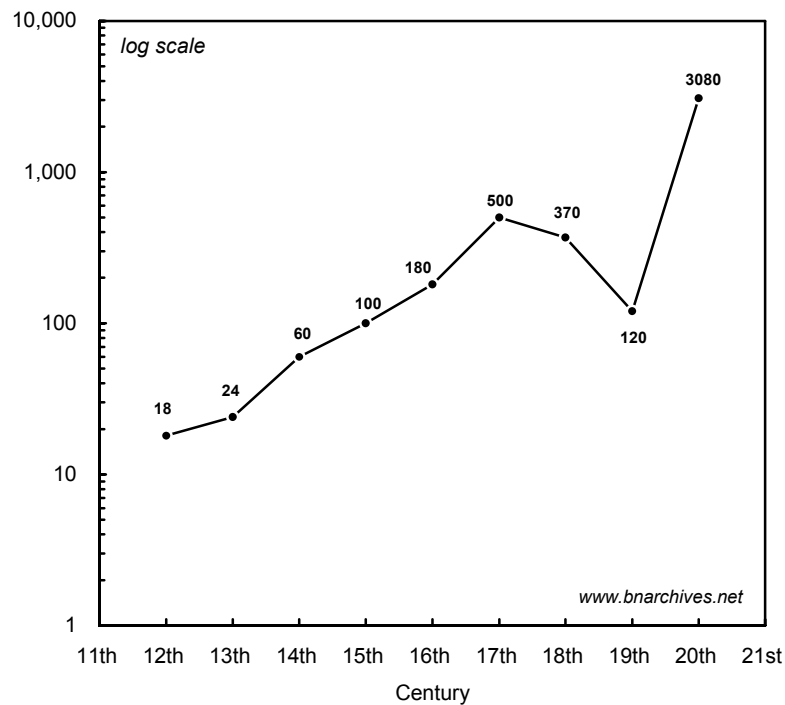


FIGURE 6 Sorokin's "Bellicosity Index"

NOTE: Index reflects the number of wars, duration, army size, number of casualties and the ratio of soldiers to the civilian population. The figure for the 20th century is up to 1938 only.

SOURCE: P. Sorokin (1957) *Social and Cultural Dynamics*, cited in Q. Wright (1942) *A Study of War* (Chicago and London: The University of Chicago Press). p. 56.

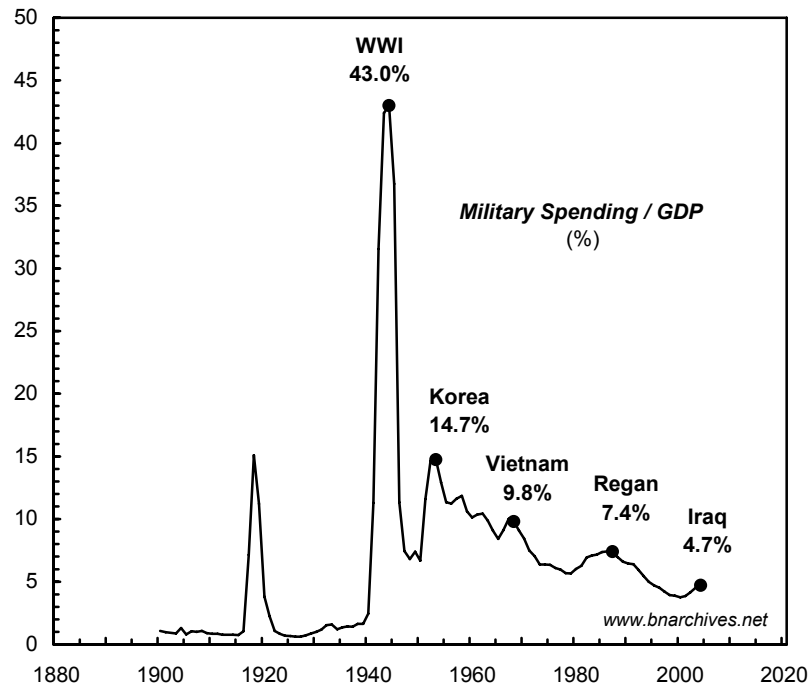


FIGURE 7 U.S. Militarization

SOURCE: U.S. Bureau of Economic Analysis through *Global Insight* (codes: GFML for military spending; GDP for GDP); Gleditsch, Nils Petter, ed. 1996. *The Peace Dividend*. Amsterdam and New York: Elsevier; *Bank Credit Analyst Research Group*.

Military Expenditures

Figure 1. World Military Expenditures: 1961-1995

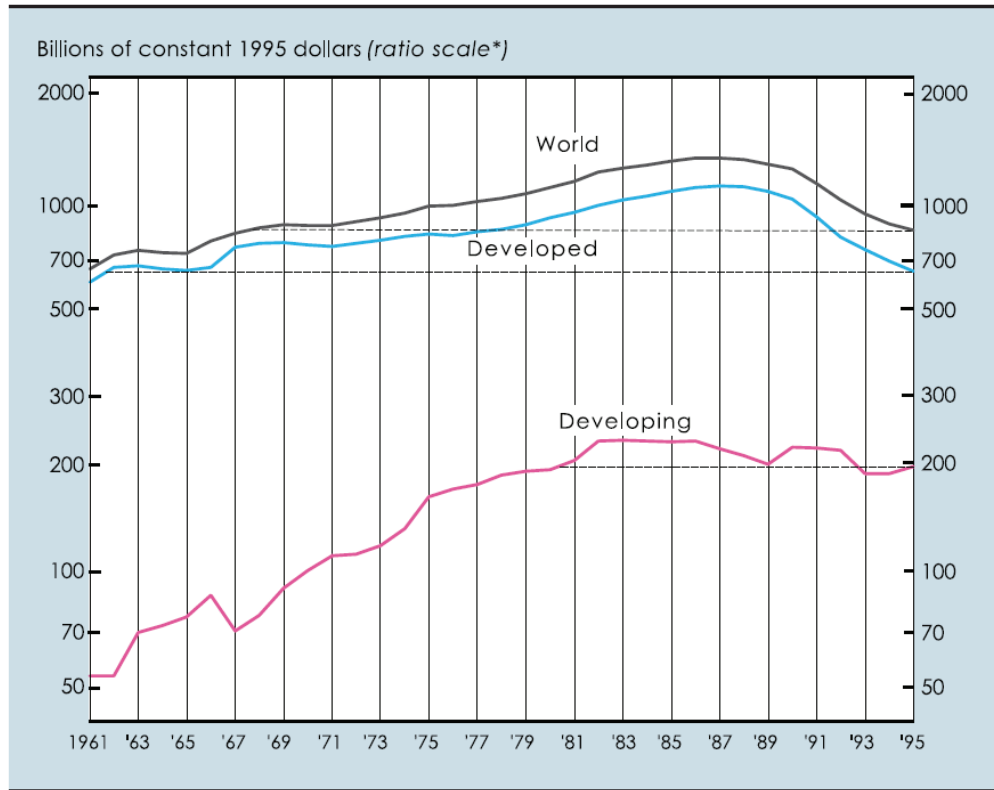


FIGURE 8 World Militarization and Demilitarization

SOURCE: US Arms Control and Disarmament Agency (1997) *World Military Expenditures and Arms Transfers*, p. 1.

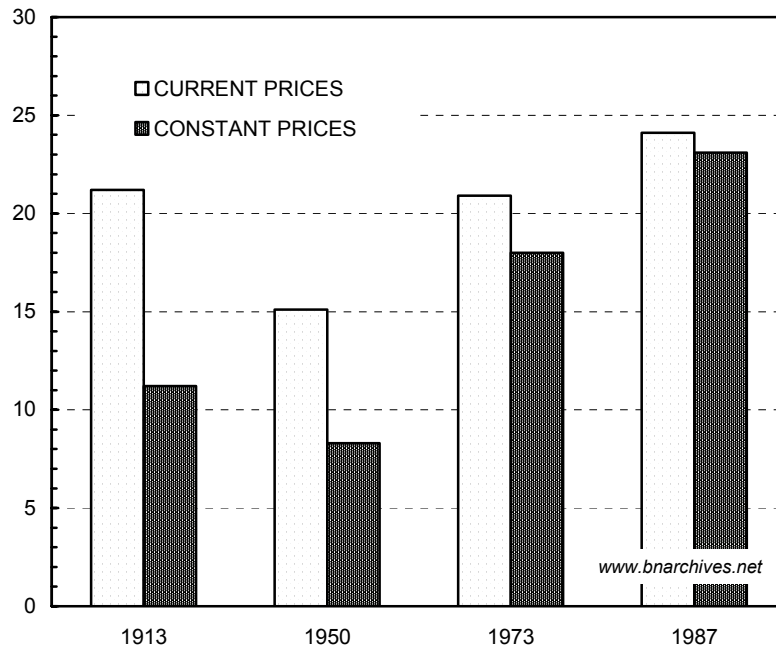


FIGURE 9 Ratio of Merchandise Export to GDP (%)

NOTE: Computed as the arithmetic mean of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Sweden, UK and U.S.A.
SOURCE: Angus Maddison (1991) *Dynamic Forces in Capitalist Development* (Oxford: Oxford University Press), Appendix F. pp. 326-7.

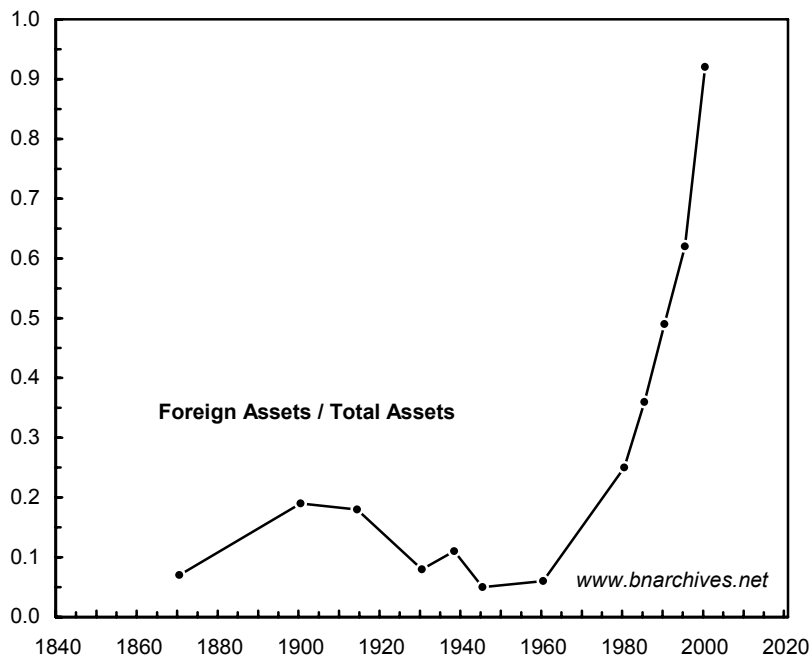


FIGURE 10 Globalization of Ownership

NOTE: Foreign assets consist of cash, loans, bonds and equities owned by non-residents

SOURCE: Obstfeld, Maurice, and Alan. M. Taylor (2004) *Global Capital Markets: Integration, Crisis and Growth* (Cambridge: Cambridge University Press), Table 2.1, pp. 52-3.