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 ⇒ US ⇒ ?
- 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. transnationllization.
- Trade and capital flow
- Coordination
FIGURE 1  Long Term Shifts

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

FIGURE 2  Long Term Growth

NOTE: Data represent GDP measured in purchasing power parity.
SOURCE: Angus Maddison http://www.ggdc.net/
FIGURE 3 Stagflation

* Series are measured as 12 month % change and shown as 3 year moving averages.
** Stagflation Index = (standardized inflation – standardized growth) / 2.
SOURCE: IMF (codes: L94_A_C110 for CPI; L96_NU_A_C110 for Industrial Production).
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 casualities and the ratio of soldiers to the civilian population. The figure for the 20th century is up to 1938 only.
FIGURE 7  U.S. Militarization

Military Expenditures

Figure 1. World Military Expenditures: 1961-1995

FIGURE 8  World Militarization and Demilitarization

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.
FIGURE 10  Globalization of Ownership

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