

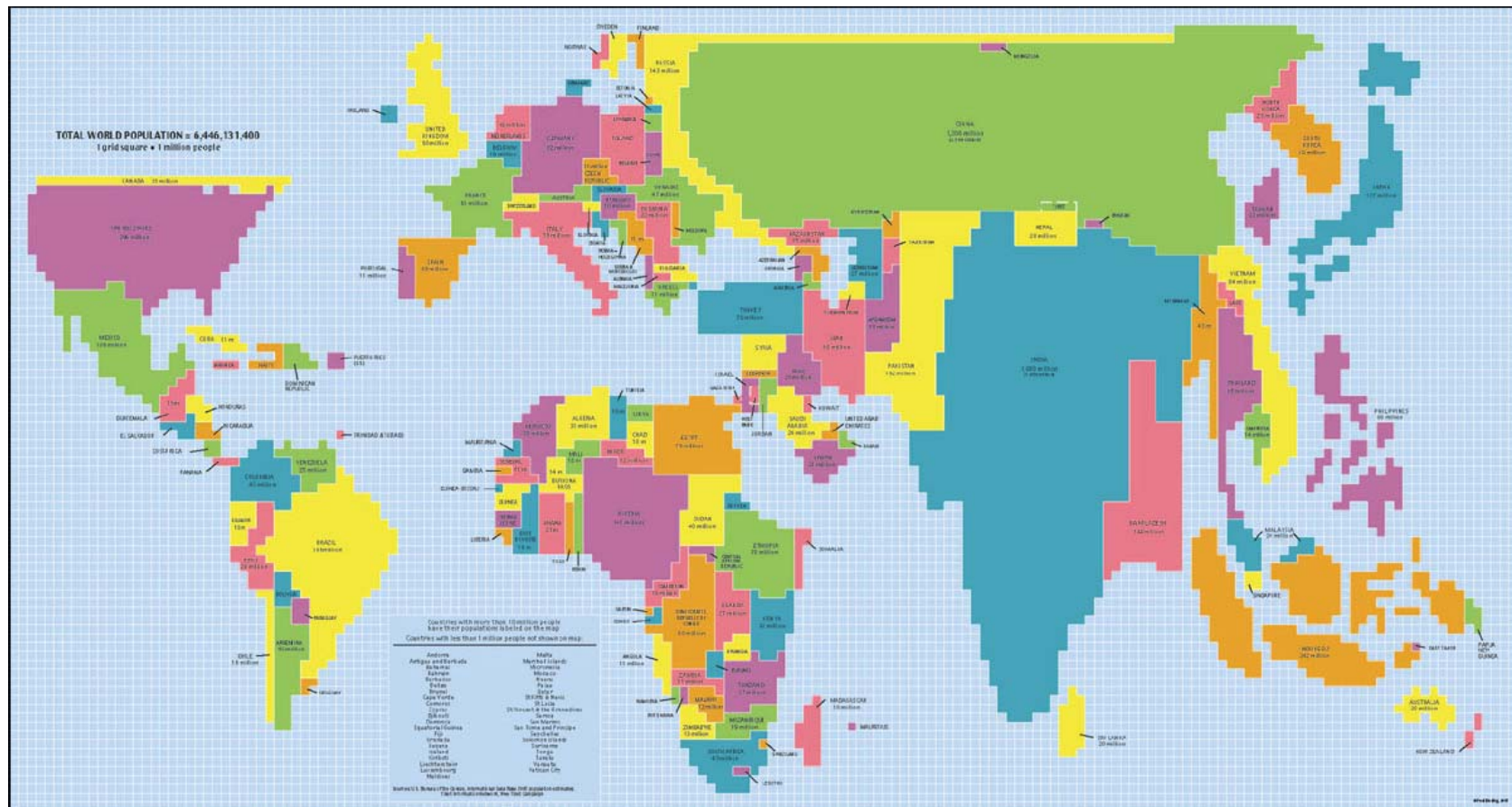
The Origins of Globalization

- I. The Importance of Globalization
- II. Age of Empires (Globalization 1.0)
- III. *Pax Britannica* (Globalization 2.0)
- IV. Interwar Years and Collapse
- V. *Pax Americana* (Globalization 3.0)
- VI. Explanations and Current Crisis

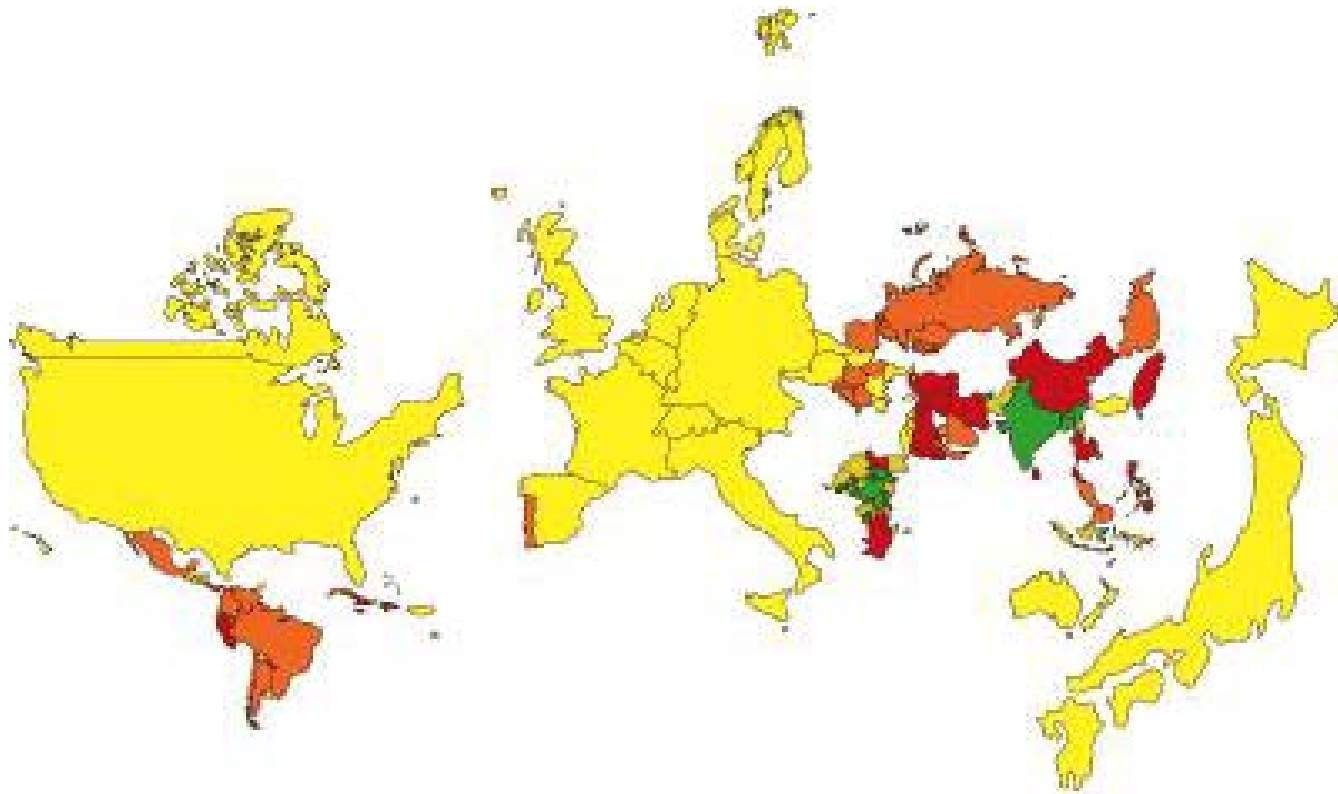
I. Importance of Globalization

- **International Political Economy** : The study of the intersection of states and markets
 - How changes state power alter market structures
 - How changes in market structures alter state power
- **Market**: economic structure where outcomes are determined by prices
- **Opportunity Cost**: trade-off (loss) of ANY economic decision
- **Q**: Which combination of state & market works best?
 - Current debate over the stimulus package

World Map Scaled by Population



World Map Scaled by Income



Map of the World, Scaled to Wealth, 1995

II. The Age of Empires (Globalization 1.0)

- European Dominance – Why?
 - Competitive Nation-States
 - Development of Commercial & Financial Markets
 - Enlightenment and Technological Development
- Mercantilism and Colonial Expansion
 - Zero-Sum Game

“That belongs to us now...”



III. *Pax Britannica* (Globalization 2.0)

- Hegemonic Stability Theory
- Elements of the *Pax Britannica*
 - Security – ‘Britannia Rules the Waves’
 - Markets – Unilateral Free Trade
 - Common Currency – Pound/Gold Standard
 - Loans – Early Industrialization and Surplus
- Sources of British Decline

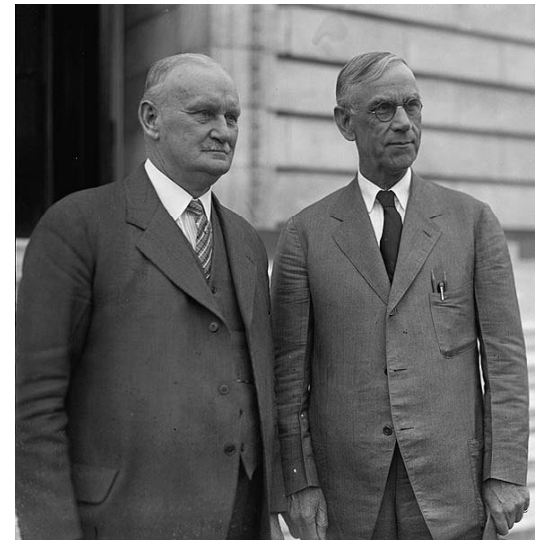
You need an umbrella
when the sun never sets.



IV. Interwar Years and Collapse

- Reparations and International Payments
- Demise of the Gold Standard
- Wall Street Collapse
- Domestic Squeezing
- Beggar-Thy-Neighbor' Trade Policies
 - Smoot-Hawley Tariff (1930)
- Collapse of the Global Economy

Hawley and Smoot look
to a grim future



V. Pax Americana (Globalization 3.0)

- The Bretton Woods System
- Fixed Exchange Rates (Dollar Standard)
- Multilateral Free Trade (GATT)
- International Lending (IMF/World Bank)
- The 'Golden Age of Growth'
- Breakdown of Bretton Woods
- Economic Revival and Renewed Globalization

“Smile – the future will be brighter.”



US delegation to the Bretton Woods Conference

VI. Explanations and Current Crisis

- Competing Explanations of Change
 - Realist
 - Liberal
 - Identity
- The Current Crisis



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