

# INTL 102: Economics, Politics, and International Change

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# Reminders

**Office Hours:** Tuesdays 11-1, SSB 343.

**Website:** All past section slides are now available on my website:  
[heidimcnamara.com](http://heidimcnamara.com)

## Quiz Week Seven

Please outline the following essay question, as if you were going to write an in class essay on an exam. Breakdown what your argument (thesis) would be, what examples/evidence you would use to support your argument, and the order of your main points.

*How was the role of the United States as a global leader different during and after WWII than it was during and after WWI? What accounts for these differences—from both a domestic perspective and a geopolitical perspective? In other words, why was the US able to achieve this leadership position during and after WWII, when it failed after WWI? Give historical examples from both eras about the United States' role, their successes, and failures.*

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- ▶ US economy was booming after war procurement, European economy was devastated
- ▶ US used reconstruction as a way to coerce European nations toward US geopolitical ideals
- ▶ Devastation in Central and Eastern Europe was unimaginably worse—already autarkic and centralized governments turned toward Soviet bloc

# Frieden Chapter 12 Takeaways

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- ▶ Bretton Woods' greatest accomplishment: liberalization of world trade. Particularly through the GATT
- ▶ Bretton Woods monetary order:
  - ▶ Convertibility to gold through the US dollar. The US had a “hard peg” but the rest of the system had more flexibility
  - ▶ Governments restricted short-term movement of capital across borders, but allowed for monetary policy independence

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- ▶ Politically induced problems with central planning cause stagnation in the Soviet bloc

# FLB Trade

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- ▶ WTO based on three primary norms:
  - ▶ Most-favored-nation (MFN) status extended to all members by all members
  - ▶ Reciprocity
  - ▶ “Safeguards” or exceptions to the above norms are acceptable if they’re temporary and imposed to solve short-term balance-of-payments problems

## Rogowski in FLB Takeaways

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- ▶ Argues: Increasing exposure to trade will increase the power of locally abundant factors, while decreasing exposure to trade will make these factors less politically powerful
- ▶ Two types of power divides possible, based on the distribution of factors of production:
  - ▶ Capital rich, Land rich, Labor poor → Class conflict
  - ▶ Capital rich, Land poor, Labor rich → Urban-rural divide
  - ▶ Capital poor, Land rich, Labor poor → Urban-rural divide
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- ▶ Make the case for free trade, laying out the winners and losers
- ▶ Good list of “essential” points at the end of the chapter.  
Review!



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- ▶ In other words, the RTAA was an institutional change that shifted the strategic environment and changed preferences
- ▶ Presidents (even from anti-free trade parties) are expected to be more liberal on trade:
  - ▶ National Constituency
  - ▶ International role inclines him toward use of trade liberalization as a tool in achieving geopolitical goals

# Key Concepts: Great Depression

Pre-1929 Orthodoxy

Business Cycles

Countercyclical demand management

# Key Concepts: Post-WWII Reconstruction

Lend-Lease Program

Atlantic Charter

Marshall Plan

# Key Concepts: Postwar Economic Order

Bretton Woods exchange-rate system

GATT: Key rules and successes

WTO Dispute Settlement Mechanism

# US leadership

Why was the US's response to leadership so different after WWII (when compared to WWI)?

What role did the rise of the Soviet Union play in pushing the US toward successful leadership?



# GATT/WTO

Is the GATT/WTO good? Do you support it? Why?

Which countries does it help most? Which groups within the US does it help the most?