Will Global Capitalism Fall Again?

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Economic integration, 1940-2000

- Immigrants to the United States by decade, millions (right axis)
- Merchandise exports/world GDP (left axis)
- Foreign capital stock/developing country GDP (left axis)
Economic integration, 1870-2000
Rise, Fall and Rise of International Investment

Assets/Sample GDP

Year


[Graph showing the trend of Assets/Sample GDP from 1870 to 1995, with notable peaks and valleys.]
Rise, Fall, and Rise of International Trade
Immigration to U.S. as Percent of Total Population, 1820-2000
Rise, Fall and Rise of Democracy

Democracy, 1800-2006

Mean Polity 2 score vs Year
Figure 5: Male Wage Inequality, Gini and 90-10: 1937 to 2005

Share of income to top 10 percent, United States, 1917-2006

Source: Emmanuel Saez, Striking it Richer: The Evolution of Top Incomes in the United States
Who Feels Helped by Free Trade Agreements?

Economic bases of support for isolationism

Note: The lines connect the point estimates indicated by the large symbols. The smaller symbols indicate the upper and lower bounds of the 95 percent confidence interval.

Inequality and trade views

In industrial countries, the higher the level of income inequality, the less positive are the attitudes toward trade.

Sources: Förster and Pearson (2002); and International Social Survey Programme (2007).
Figure 4.1 Spending on social protection in five OECD countries, 1960-91 (as share of GDP)
Figure 4.2  Relationship between openness and public expenditures in 23 OECD countries

government expenditures as percentage of GDP (excluding interest), 1990-92

\[ y = 11.188 \ln(x) - 12.547 \]
\[ R^2 = 0.4431 \]

Source: Hiro Ito, “American Fiscal Profligacy or East Asian Saving Glut?”
Falling Fast
The Fed brought down its target rate dramatically in the past year.

Source: Federal Reserve
Figure 3: Lagging Two-Year House Price Appreciation (%)

Figure 4. House Price-to-Rent Ratio

Index, 2000 = 100

Sources: Congressional Budget Office; Office of Federal Housing Enterprise Oversight; Department of Commerce, Bureau of Economic Analysis.
Note: Data are quarterly and are plotted through the third quarter of 2007.
Home Economics

Home prices in many metro areas are back to levels of several years ago, leaving many people owing more money than their houses are worth. A look at selected areas:

<table>
<thead>
<tr>
<th>Metro area</th>
<th>Price index is at lowest level since</th>
<th>Price drop since peak</th>
<th>Percentage of last 5 years’ purchasers who are under water*</th>
<th>Price change needed to restore historical affordability†</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>August 2005</td>
<td>−8.2%</td>
<td>14.2%</td>
<td>▼ 18.2%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>April 2005</td>
<td>−6.9</td>
<td>19.5</td>
<td>▼ 0.5</td>
</tr>
<tr>
<td>Miami</td>
<td>February 2005</td>
<td>−26.9</td>
<td>44.6‡</td>
<td>▼ 37.7</td>
</tr>
<tr>
<td>Phoenix</td>
<td>June 2005</td>
<td>−28.9</td>
<td>40.1</td>
<td>▼ 16.9</td>
</tr>
<tr>
<td>Washington</td>
<td>December 2004</td>
<td>−18.6</td>
<td>33.8</td>
<td>▼ 26.6</td>
</tr>
<tr>
<td>San Francisco</td>
<td>August 2004</td>
<td>−14.5</td>
<td>36.8</td>
<td>▼ 3.9</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>April 2004</td>
<td>−31.3</td>
<td>39.9</td>
<td>▼ 15.0</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>March 2004</td>
<td>−31.5</td>
<td>56.0</td>
<td>▼ 15.4</td>
</tr>
<tr>
<td>Boston</td>
<td>Sept. 2003</td>
<td>−14.8</td>
<td>13.3</td>
<td>▼ 9.0</td>
</tr>
<tr>
<td>San Diego</td>
<td>June 2003</td>
<td>−32.4</td>
<td>51.3</td>
<td>▼ 13.3</td>
</tr>
</tbody>
</table>

*Owing more on a home than it is worth  ‡For Miami/Ft. Lauderdale metro area
†Price change needed to return to average ratio of home prices to household income for 1985-2000

Sources: First American CoreLogic; Zillow.com; Moody’s Economy.com