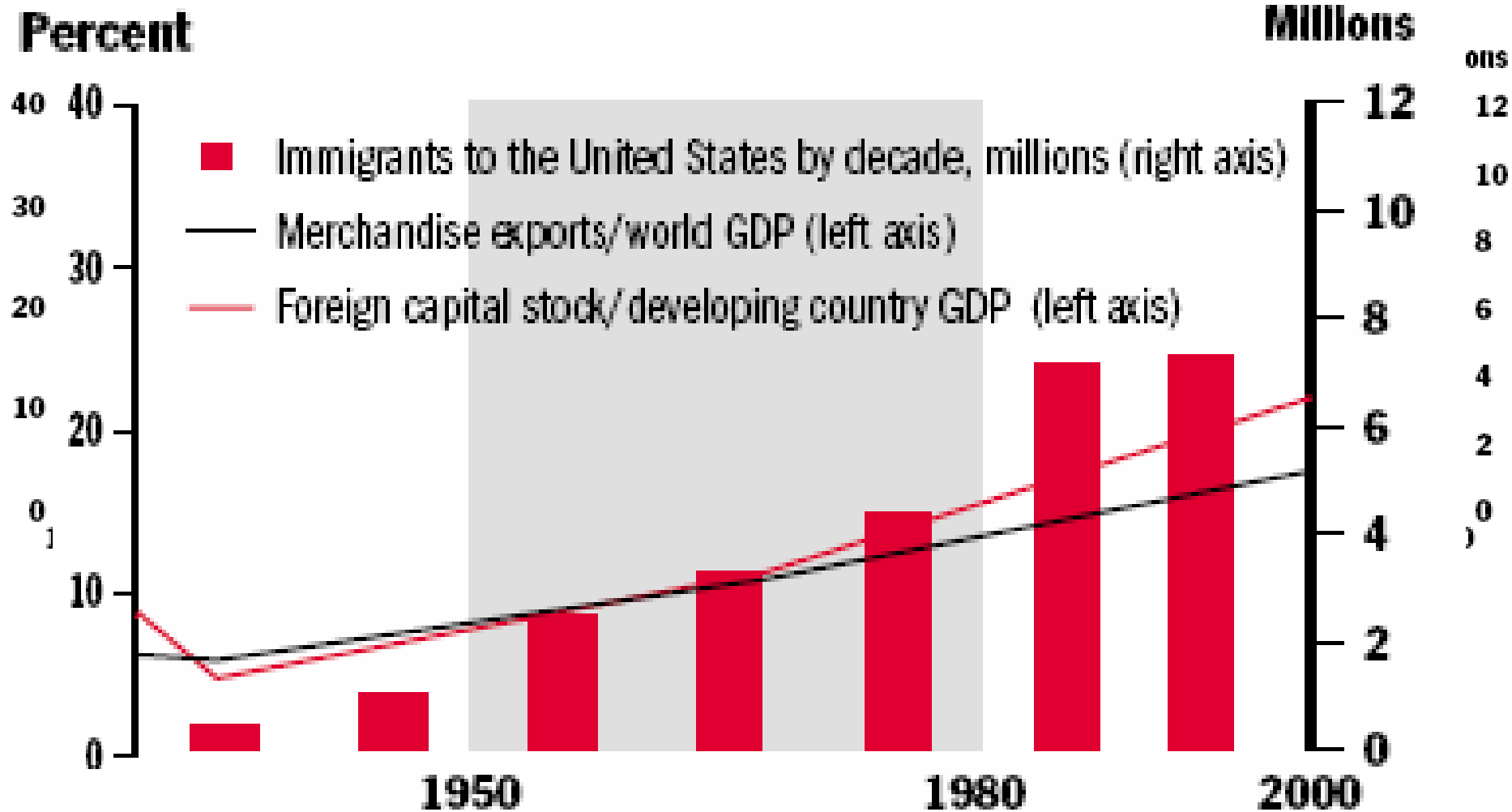


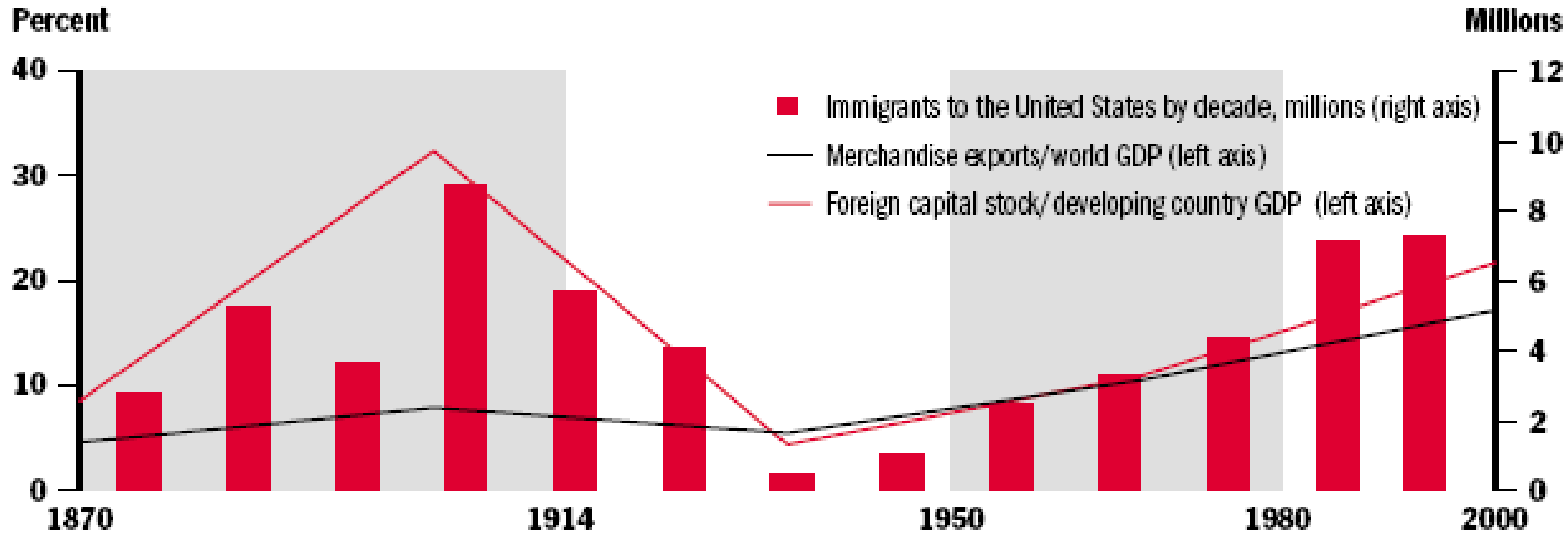
# Will Global Capitalism Fall Again?

Jeffry A. Frieden  
Department of Government  
Harvard University

# Economic integration, 1970-2000

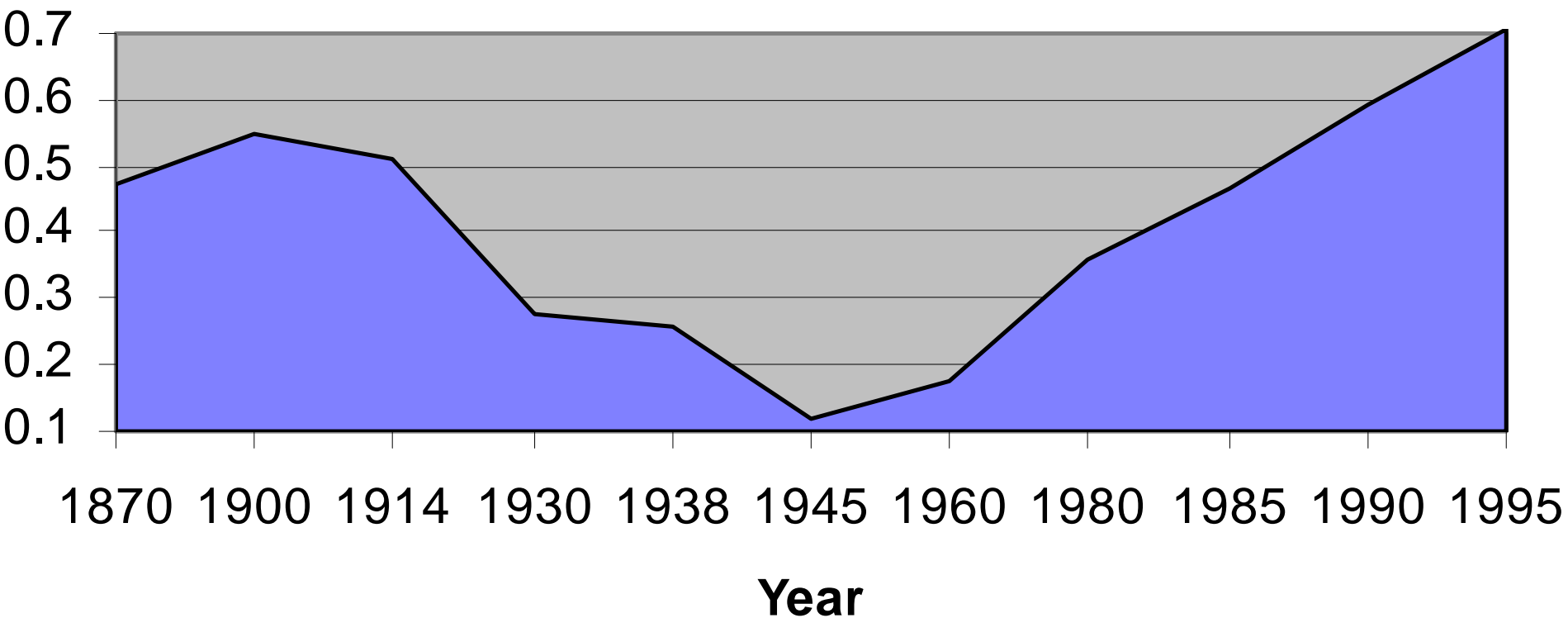


# Economic integration, 1870-2000



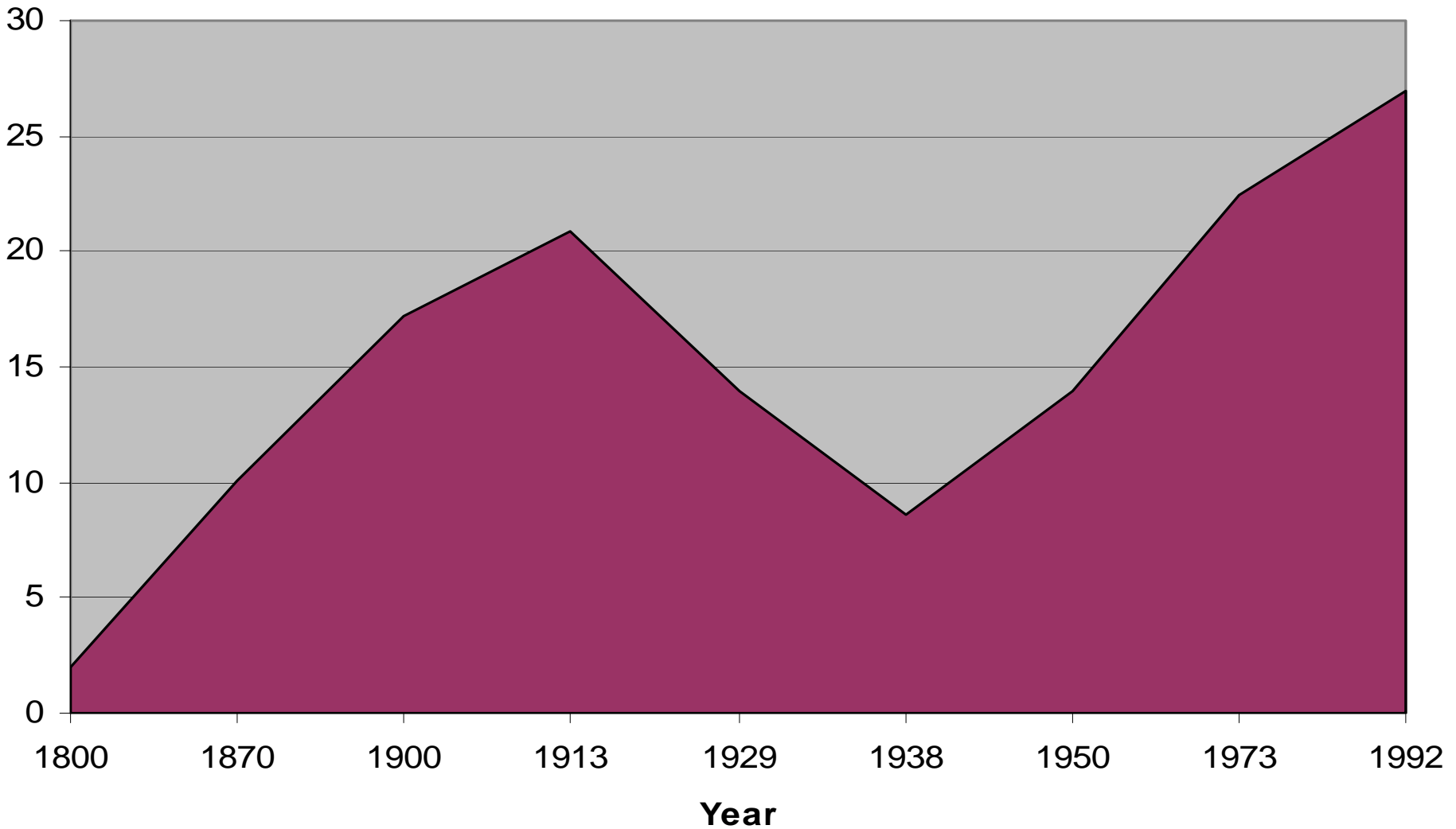
# Rise, Fall and Rise of International Investment

Assets/Sample GDP



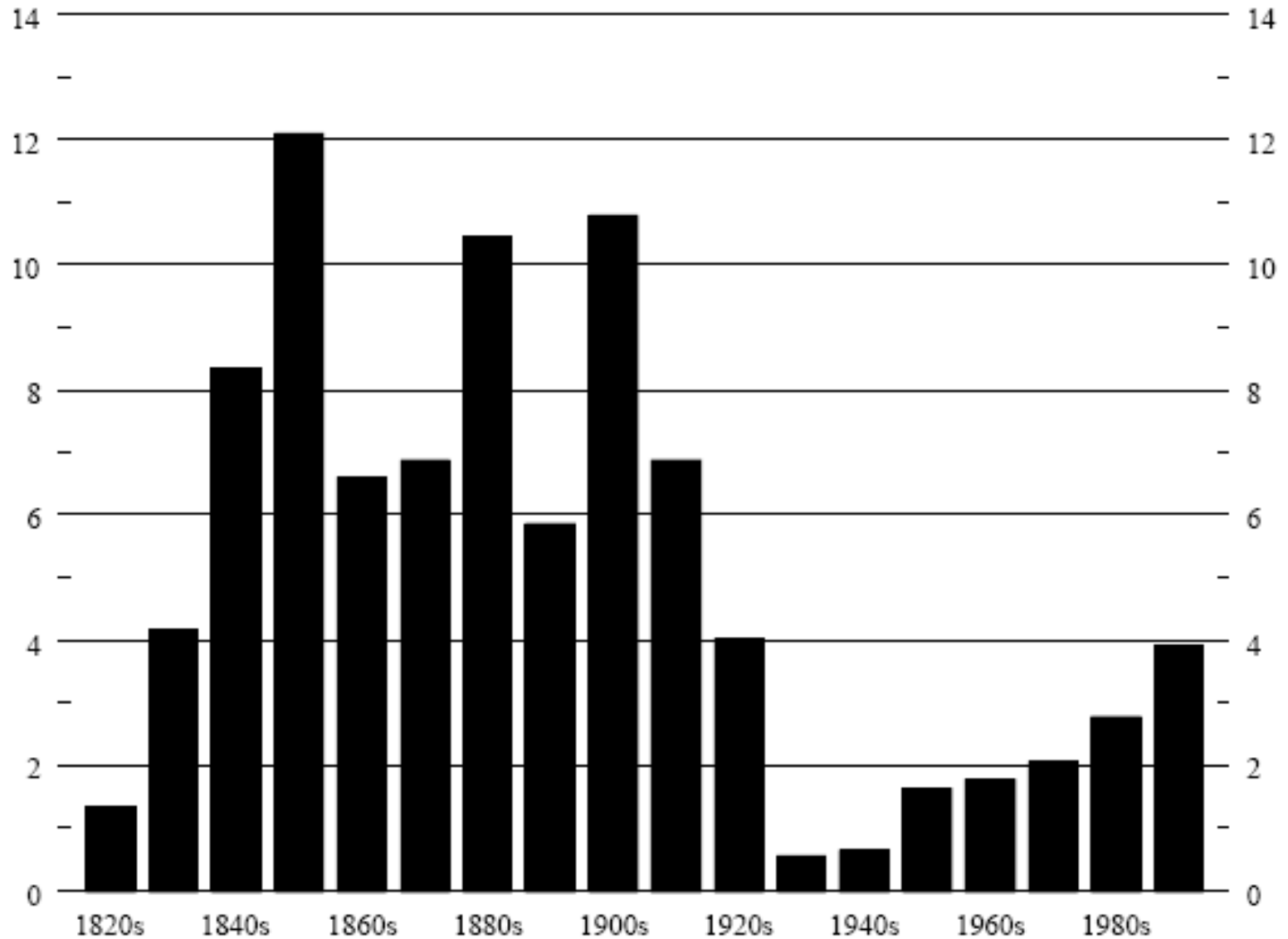
■ Assets/Sample GDP

# Rise, Fall, and Rise of International Trade



■ World Trade/GDP (%)

# Immigration to U.S. as Percent of Total Population, 1820-2000



# Rise, Fall and Rise of Democracy

**Democracy, 1800-2006**

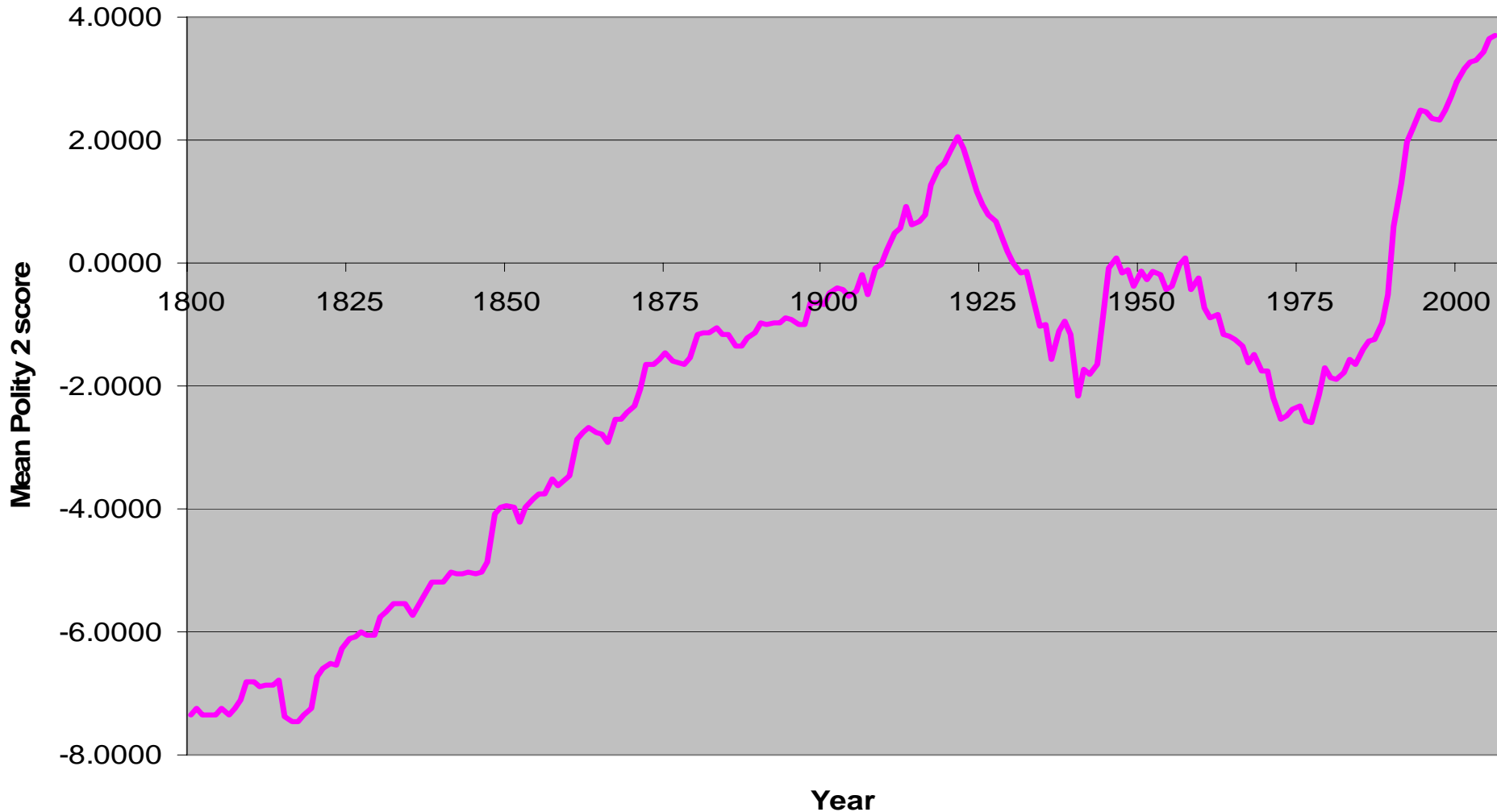
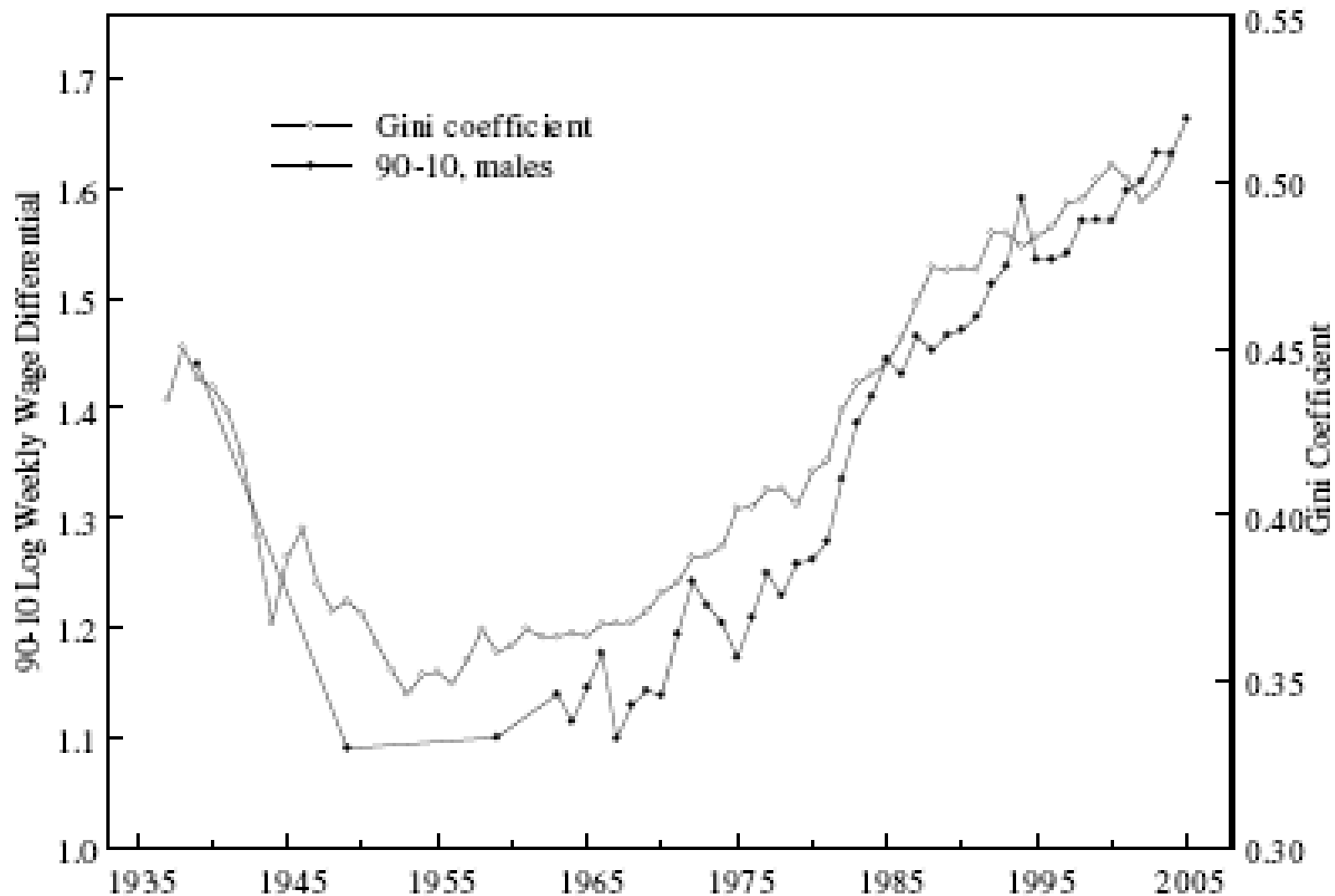


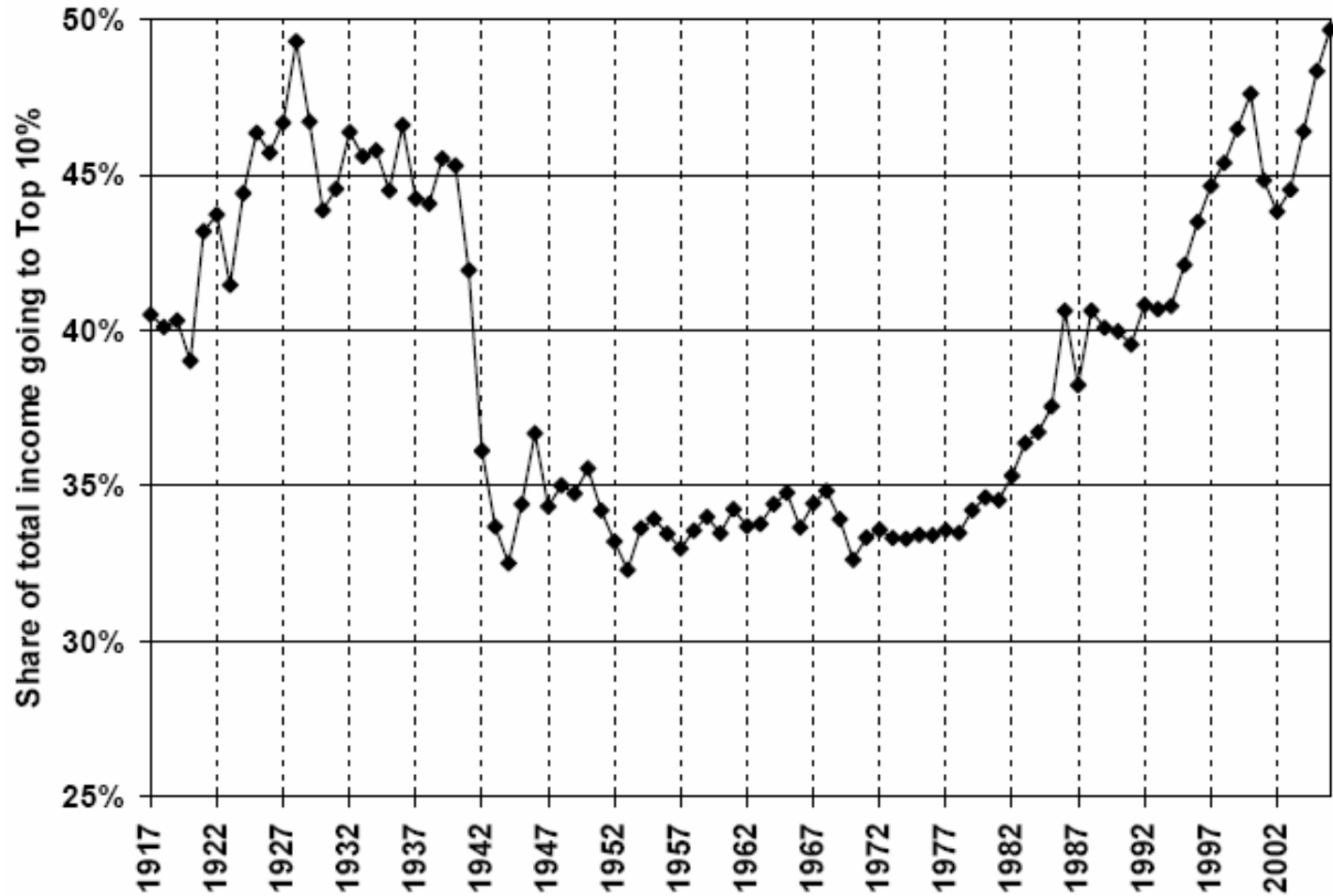
Figure 5: Male Wage Inequality, Gini and 90-10: 1937 to 2005



Source: Claudia Goldin and Lawrence Katz, "Long-Run Changes in the U.S. Wage Structure," *Brookings Papers on Economic Activity*, October 2007

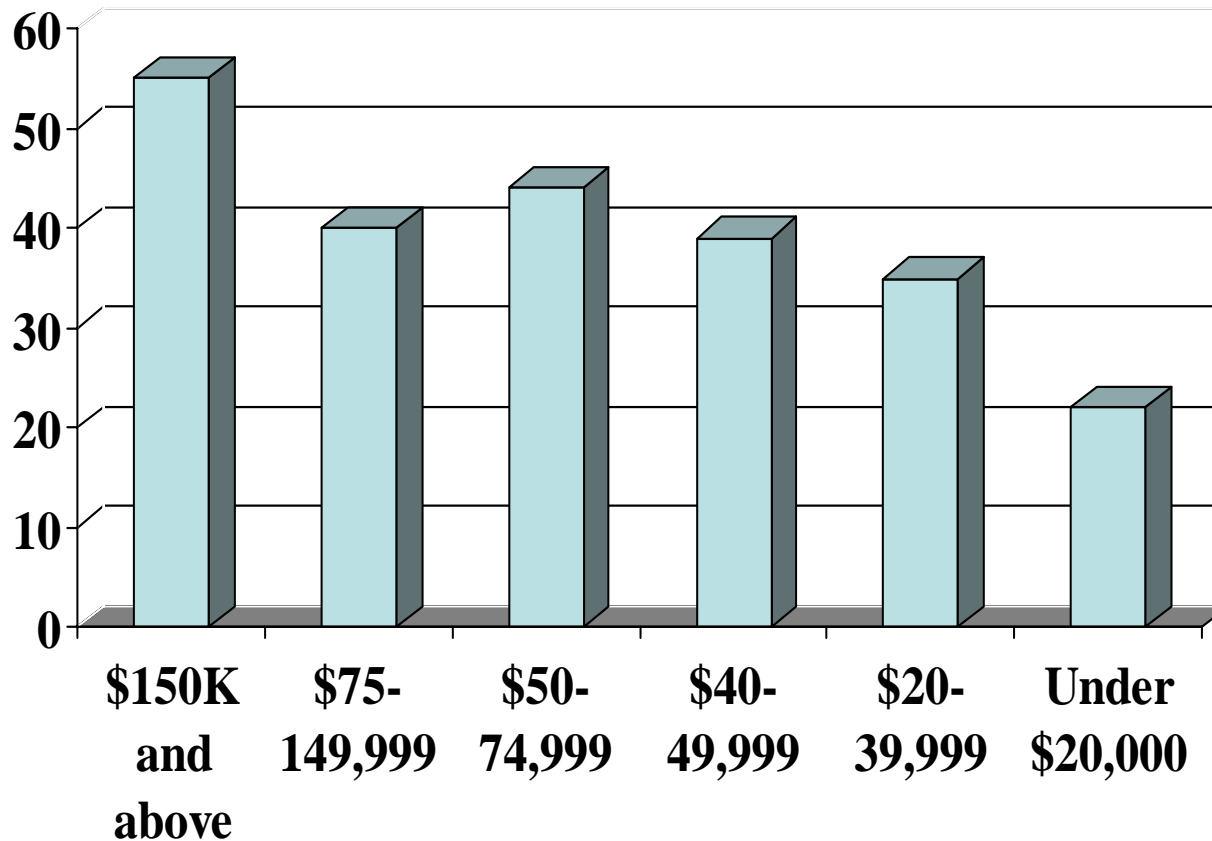


# Share of income to top 10 percent, United States, 1917-2006

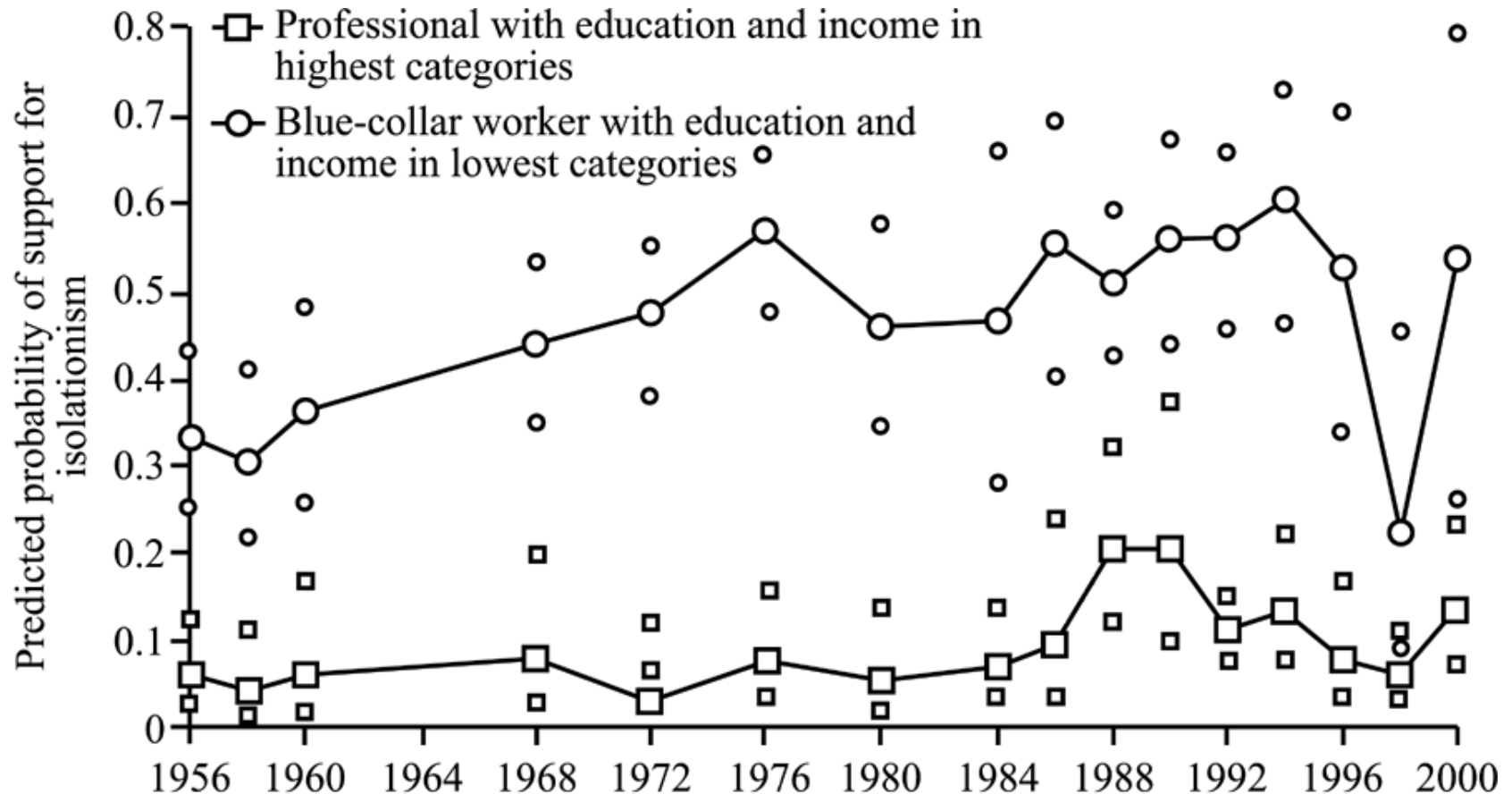


Source: Emmanuel Saez, *Striking it Richer: The Evolution of Top Incomes in the United States*

# Who Feels Helped by Free Trade Agreements?



# Economic bases of support for isolationism



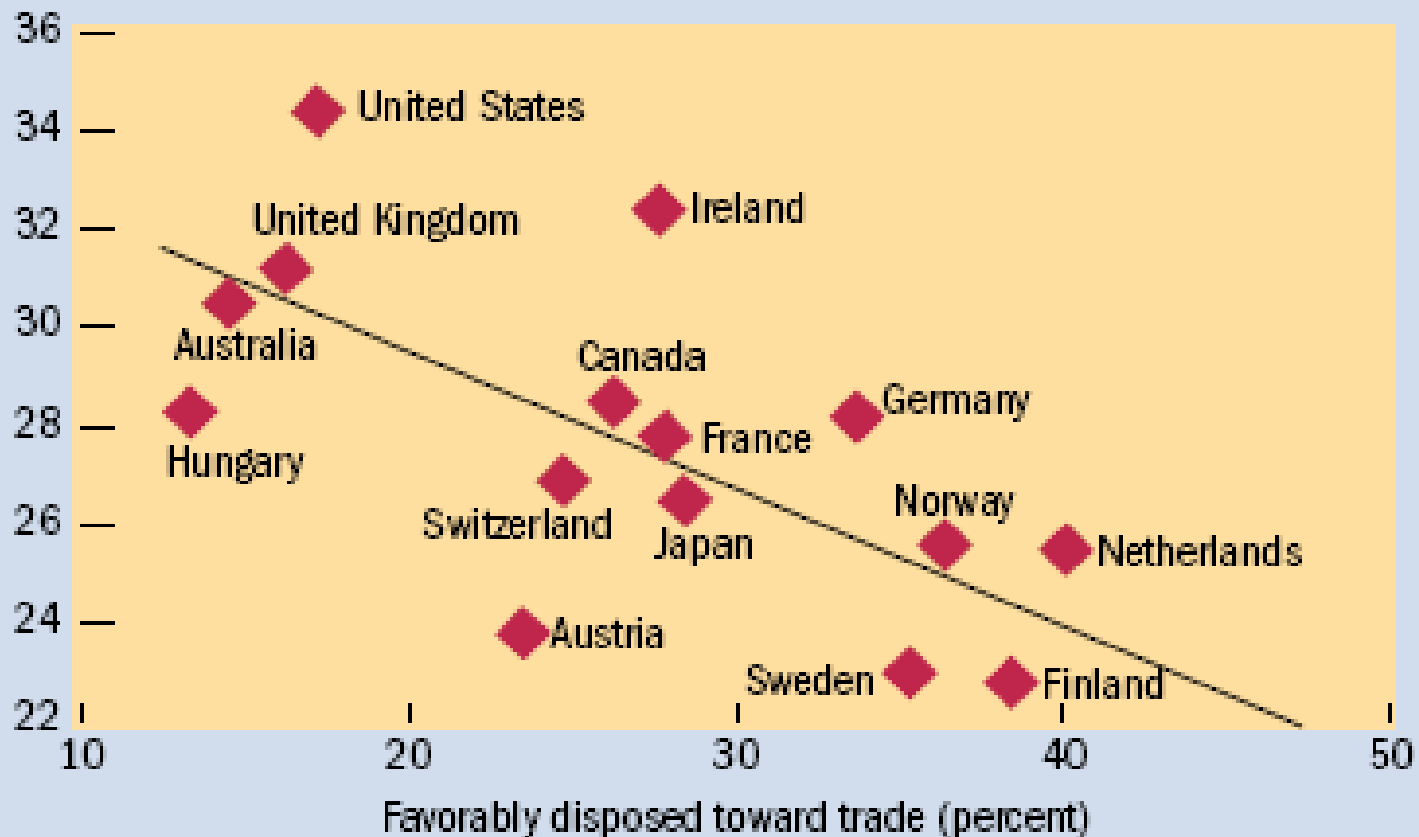
*Note:* The lines connect the point estimates indicated by the large symbols. The smaller symbols indicate the upper and lower bounds of the 95 percent confidence interval.

Source: Benjamin Fordham, "Economic Interests and Public Support for American Global Activism," *International Organization* 62 (1), Winter 2008: 163-82.

## Inequality and trade views

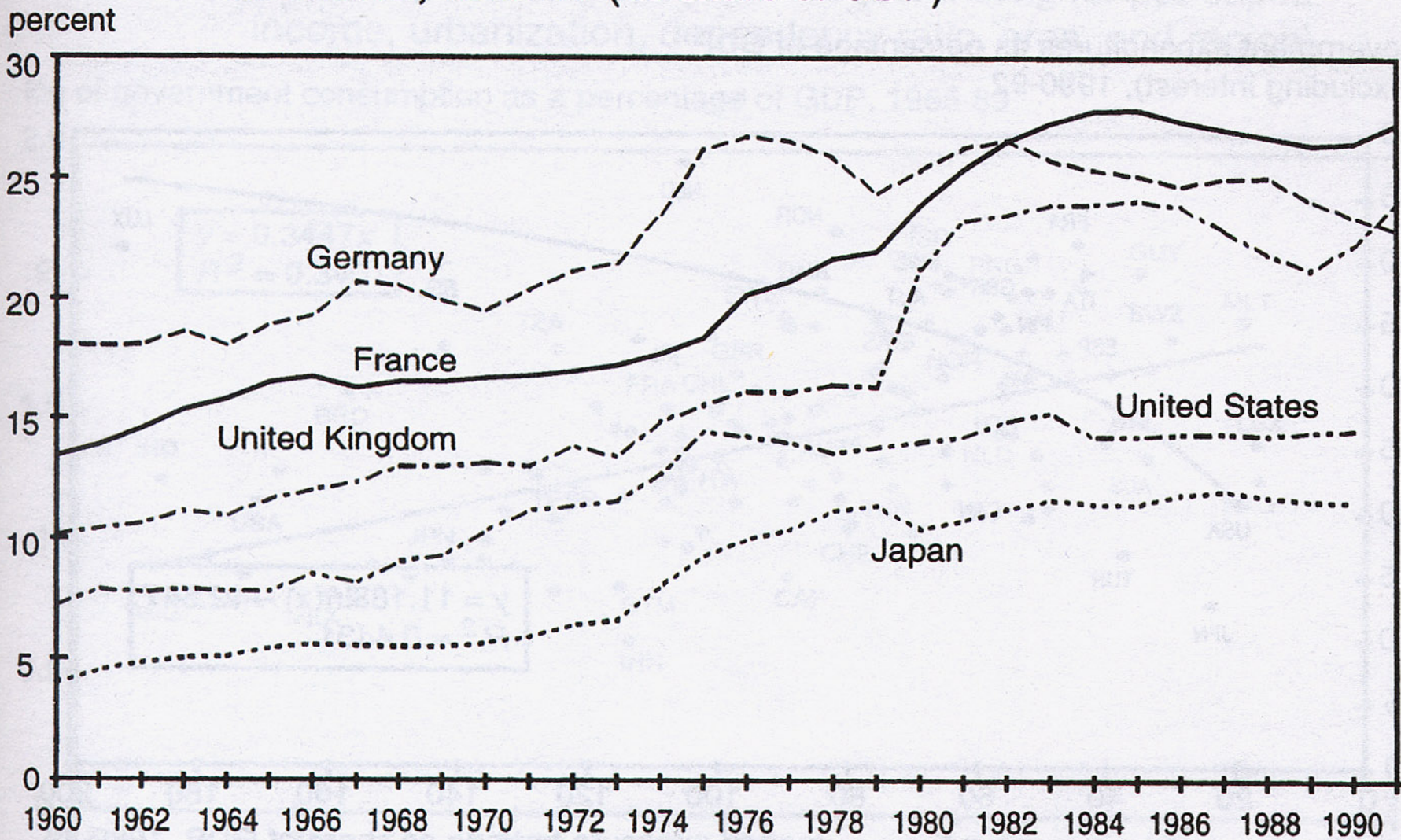
In industrial countries, the higher the level of income inequality, the less positive are the attitudes toward trade.

Gini index (percent)



Sources: Förster and Pearson (2002); and International Social Survey Programme (2007).

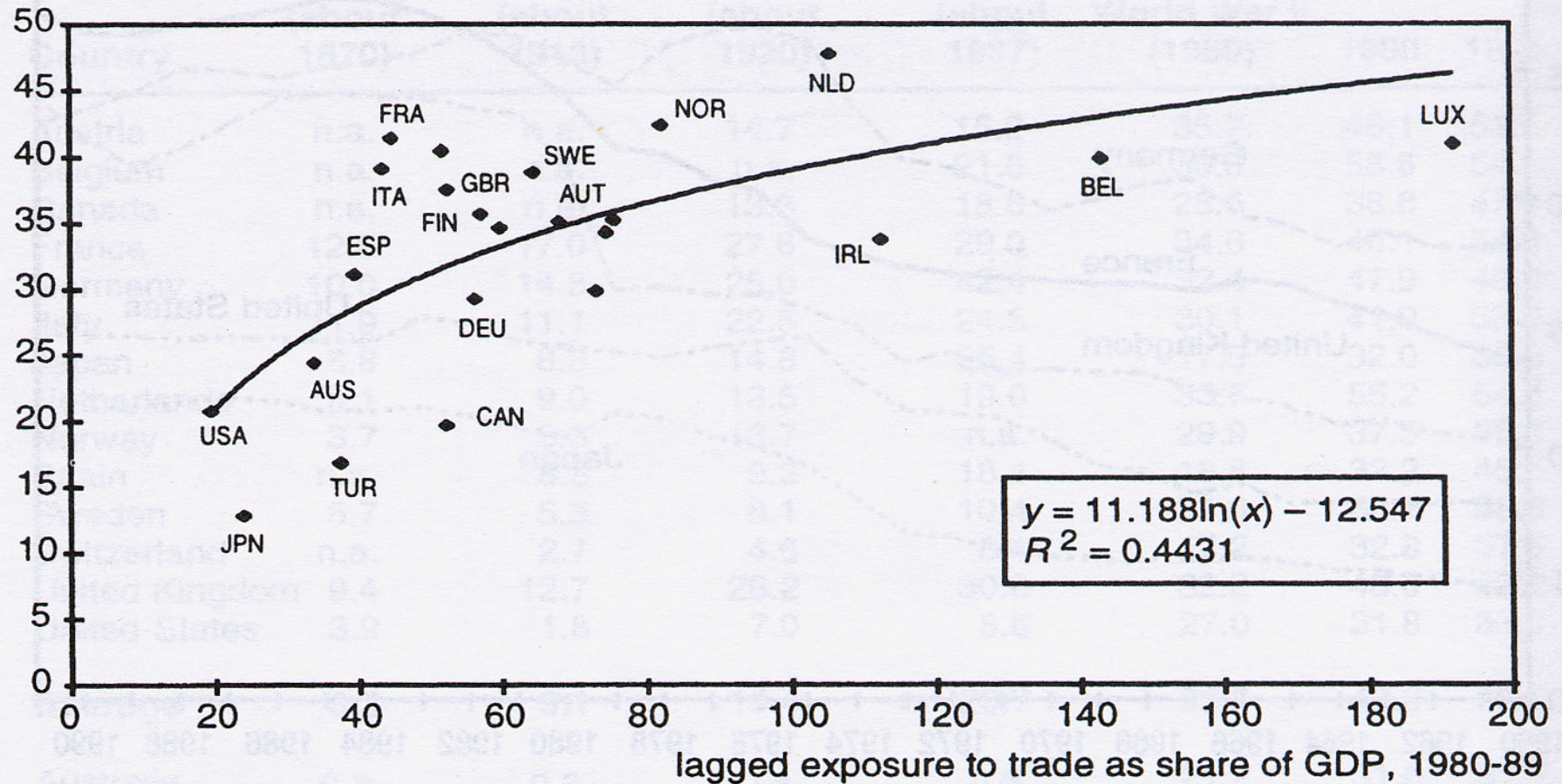
**Figure 4.1 Spending on social protection in five OECD countries, 1960-91 (as share of GDP)**





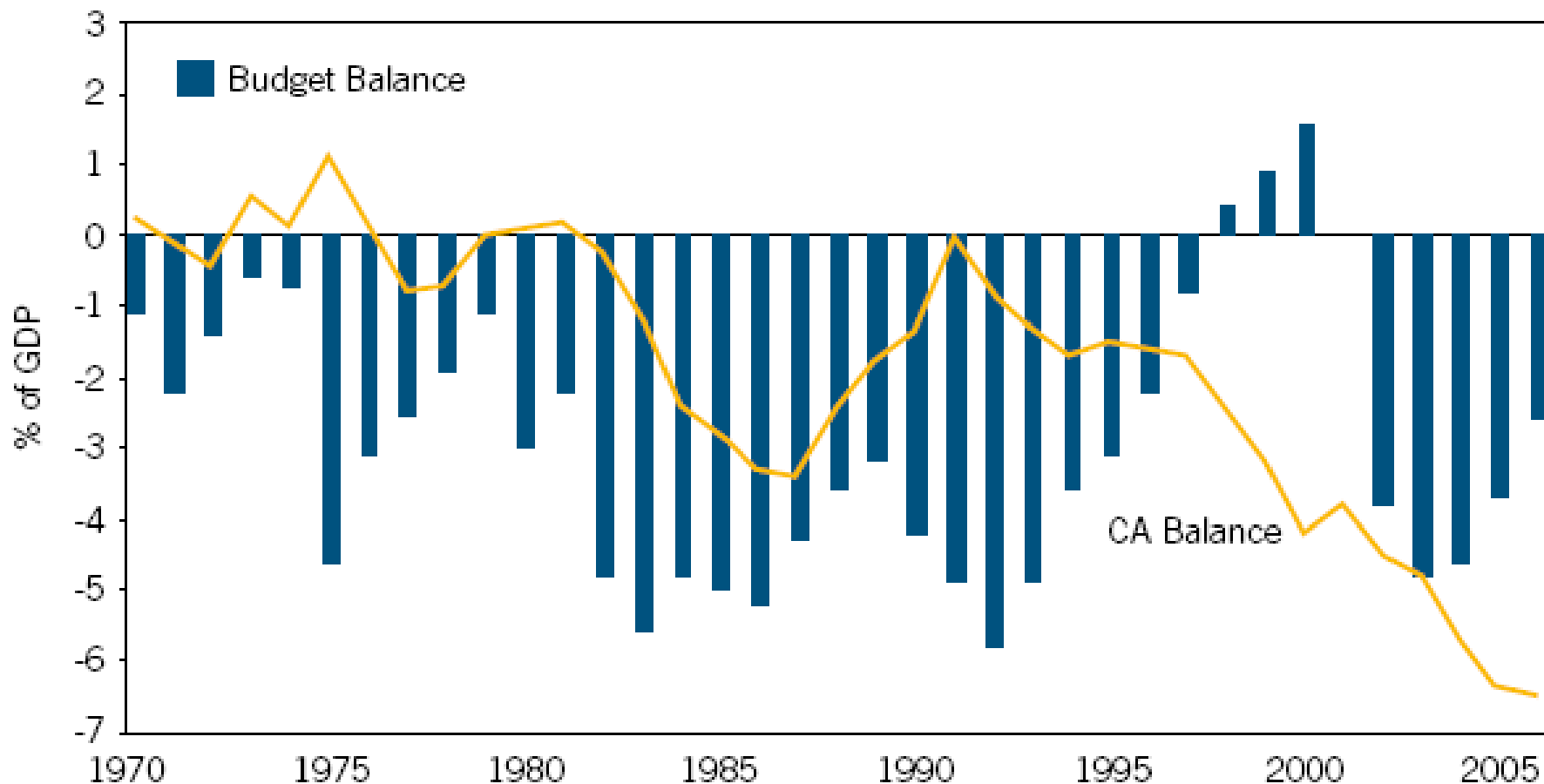
**Figure 4.2 Relationship between openness and public expenditures in 23 OECD countries**

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



Source: Rodrik (1996).

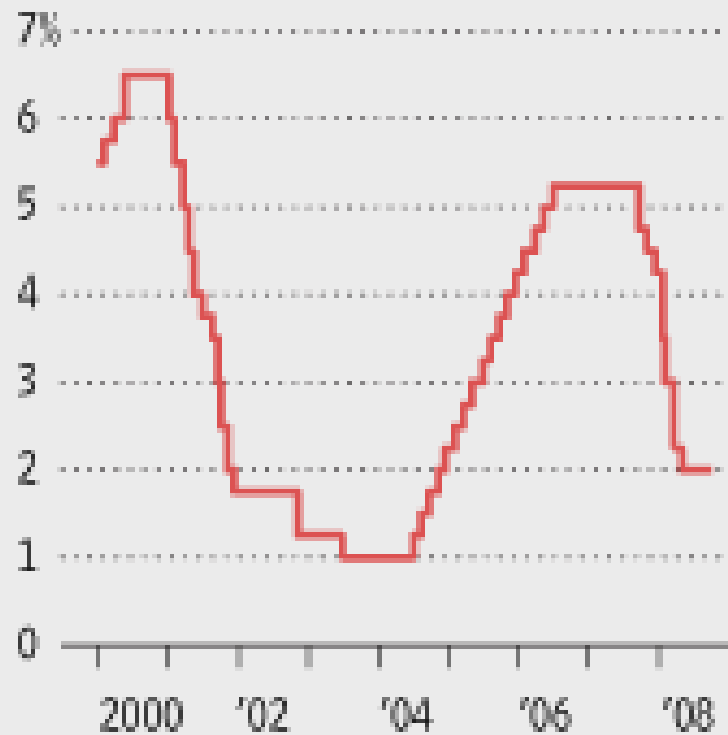
GRAPH 3. US BUDGET BALANCES AND CURRENT ACCOUNT BLANCES AS A RATIO TO GDP  
1970-2006



Source: Hiro Ito, "American Fiscal Profligacy or East Asian Saving Glut?"

## Falling Fast

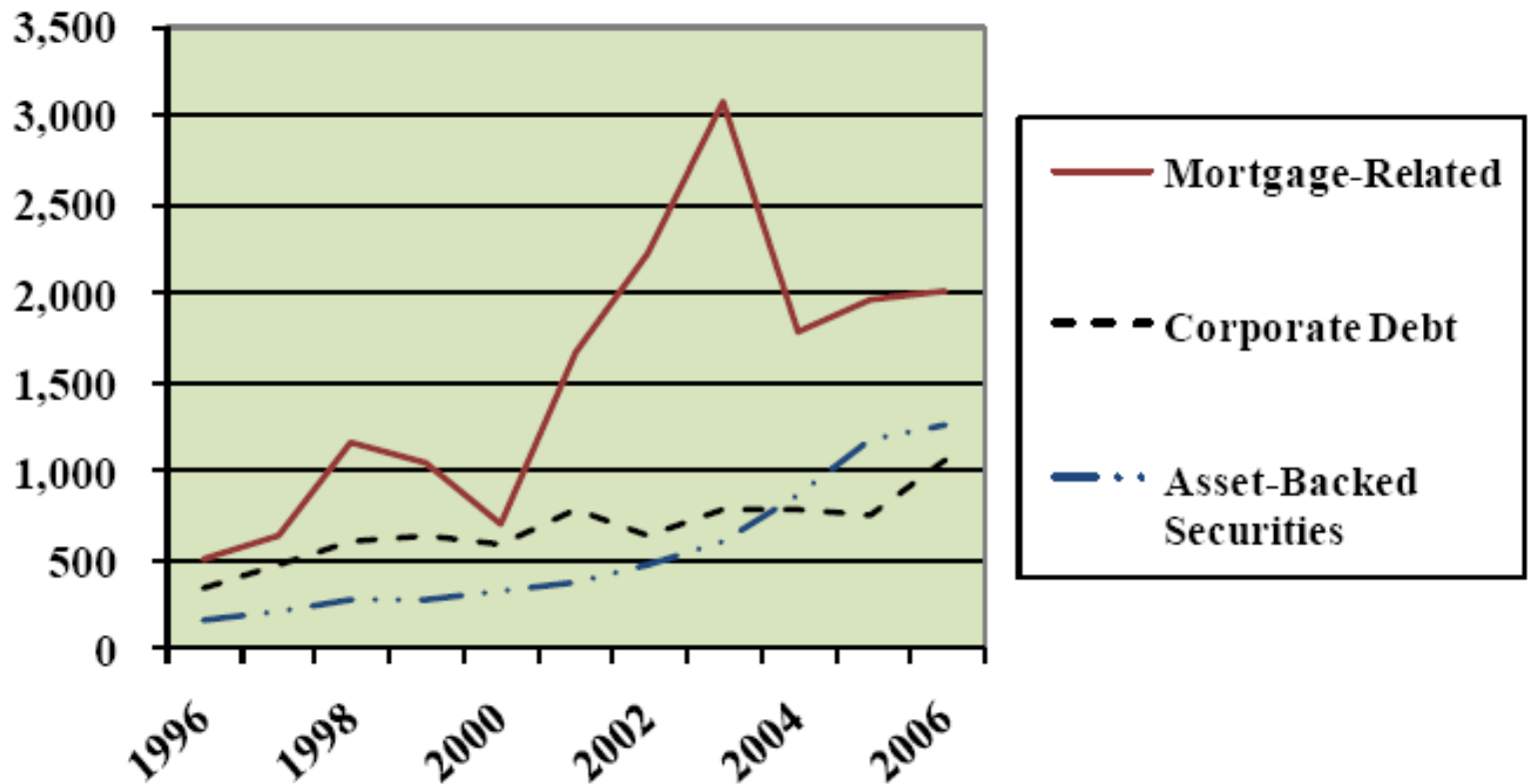
The Fed brought down its target rate dramatically in the past year.



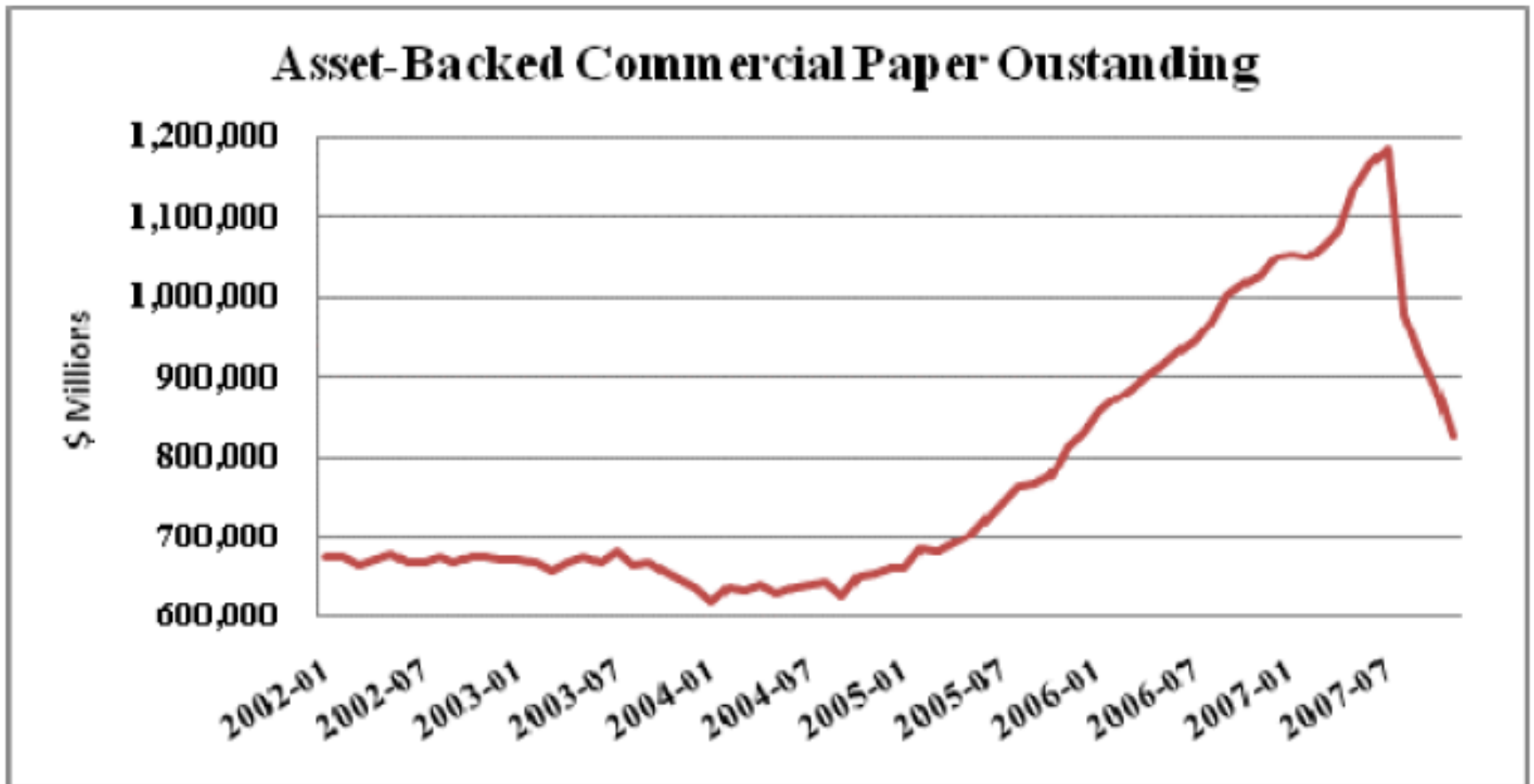
Source: Federal Reserve



## Issuance of Various Securities (\$ billions)

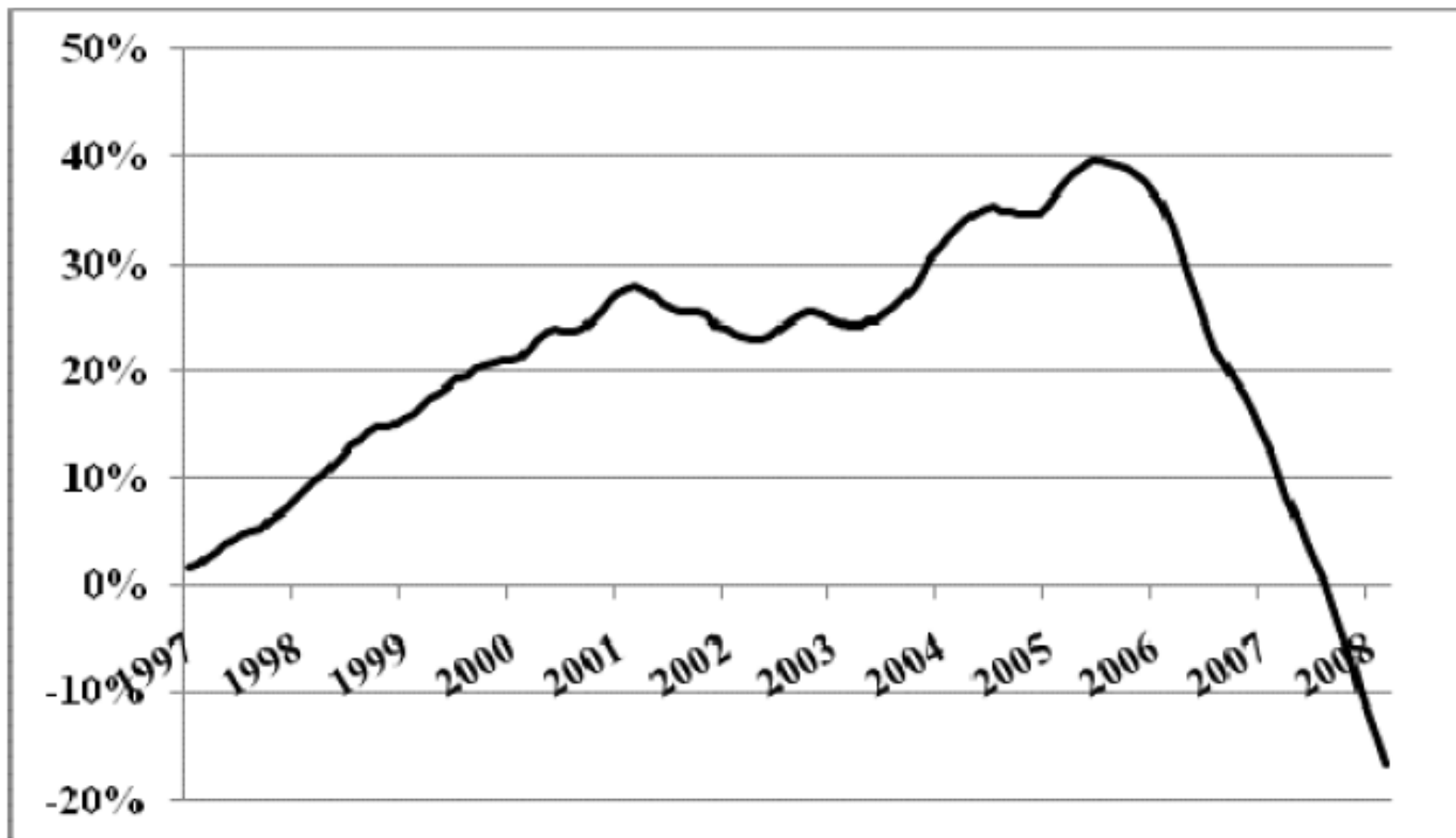


Source: Gary Gorton, "The Panic of 2007," NBER Working Paper 14358



Source: Gary Gorton, "The Panic of 2007," NBER Working Paper 14358

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



Source: Gary Gorton, "The Panic of 2007," NBER Working Paper 14358



## Figure 4. House Price-to-Rent Ratio



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:

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

\*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