Final Essay

Noah Coco

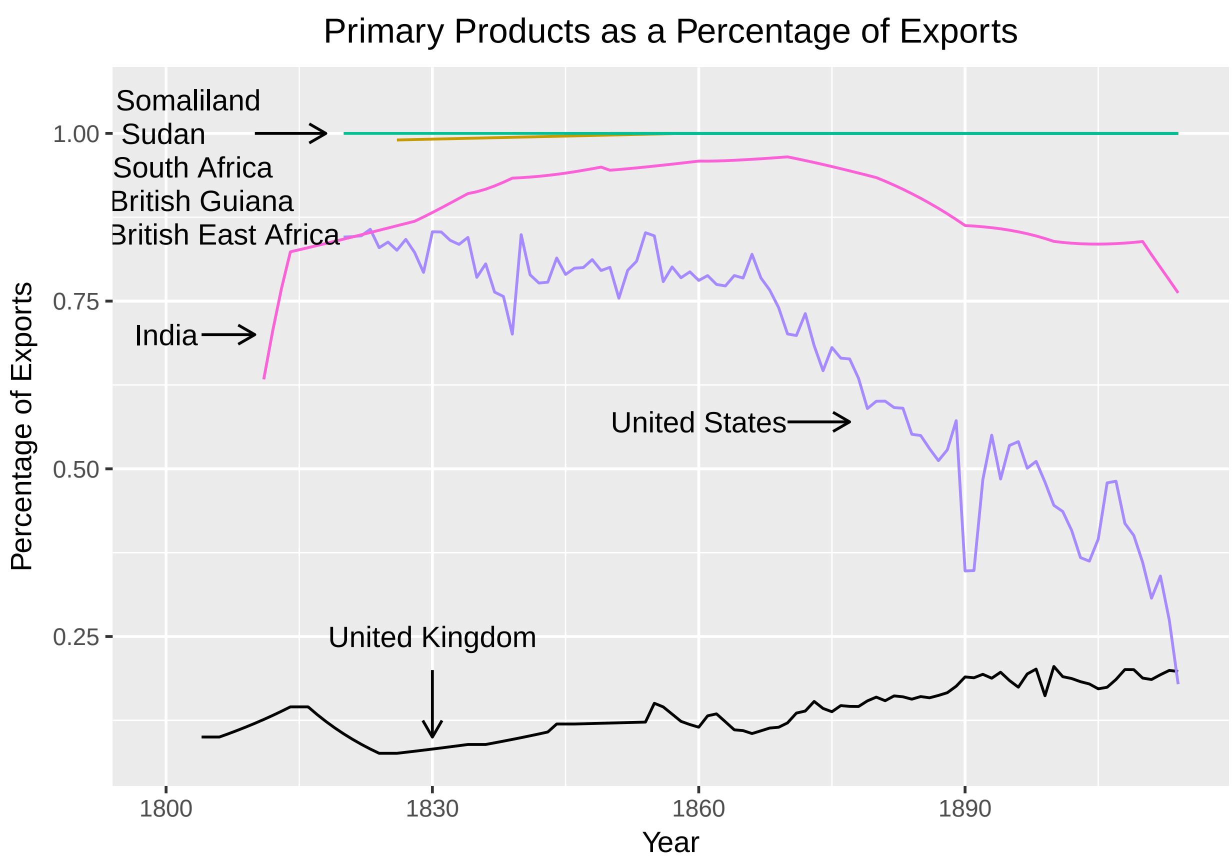
April 25, 2018

I. Pax Britannica

The period of Pax Britannica spanned for about one hundred years from the early 19th century to 1914, preceding WWI. It succeeded the period of mercantilism which featured colonial powers extracting wealth and resources from colonies, meanwhile protecting their interests and wealth through military power. Pax Britannica, in contrast, is characterized by classical liberalism and its dramatic expansion of international trade under the gold standard. Fueled by advances in technology and communication, international trade and migration flows connected the world. The prevailing factor that contributed to these international trade flows was the unifying, but often politically contentious, gold standard. The gold standard fixed exchange rates between countries, which added a measure of security and stability for international investors primarily located in the United Kingdom. The gold standard was promoted by such elite interests as banks and merchants like the transnational Rothschild banking family. In particular, Nathan Rothschild of the United Kingdom assumed an active role in promoting the gold standard for the benefits it brought in the form of predictability and stability to international financial and trade flows. However, due to the functions of the price-specie flow mechanism there were many groups that did not benefit from the gold standard. Farmers, for instance, particularly suffered under the contractionary correction mechanism of the price-specie flow mechanism. Leaders such as William Jennings Bryan in the United States captured this sentiment and challenged the gold standard, but this political movement was not restricted to the United States. Many other countries challenged the gold standard, threatening the institution that held the international trade regime together for the benefit of bankers in the United Kingdom. Specialization of industries also contributed to the trade of goods. However, the international division of labor that resulted from the specialization of industries led to an international imbalance in economic development. Legacies of colonialism led to disparities in development among many of the nations settled by major European powers like the United Kingdom, Belgium, and France. Development outcomes were often dependent on how engaged the European settlers were in setting up sustainable economic and political institutions. In countries where settlers did not establish such institutions and purely extracted resources, economic development stagnated for decades. These same countries often continue to experience unimpressive growth and development to this day. The ideological foundation that motivated political developments in this period was classical liberalism. Promoted by such thinkers as Adam Smith and Immanuel Kant, classical liberalism posited the tenets that national interests reflect societal interests, a harmony of interests exists between states, and conflict between states is irrational. Democracy and economic interdependence served as the motivating factors behind many of the economic and political developments of the period. The descent into conflict in WWI was uncharacteristic of the predominant political and ideological foundations of the era. War was considered irrational and costly, and international alliances were intended to prevent a large-scale conflict. However, a diverging distribution of power challenged the prevailing regime led by the United Kingdom, and many of the existing institutions of Pax Britannica eroded under the conflict of WWI.

```r
library(openxlsx)
library(ggplot2)
data<-read.xlsx("exports.xlsx")
attach(data)
p<-qplot(Year,United.Kingdom,geom="line",main="Primary Products as a Percentage of Exports",ylab = "Perc
p<-p + geom_line(aes(Year,United.States,col="red"))
p<-p + geom_line(aes(Year,British.Somaliland,col="blue"))
p<-p + geom_line(aes(Year,India,col="yellow"))
p<-p + geom_line(aes(Year,`Sudan.(Anglo-Egyptian.Sudan)`,col="orange"))
p<-p + geom_line(aes(Year,South.Africa,col="green"))
p<-p + geom_line(aes(Year,`British.East.Africa.(Kenia.&.Uganda)`,col="purple"))
```

```r
p<-p + geom_line(aes(Year,British.Guiana,col="pink"))
p<-p + theme(legend.position="none")
p<-p + theme(plot.title = element_text(hjust = 0.5))

p<-p+annotate("text",x=1830,y=.25,label="United Kingdom")
p<-p+annotate("segment",x=1830,xend=1830,y=.20,yend=.10,color="black",size=0.5,arrow=arrow(length = uni

p<-p+annotate("text",x=1860,y=.57,label="United States")
p<-p+annotate("segment",x=1870,xend=1877,y=.57,yend=.57,color="black",size=0.5,arrow=arrow(length = uni

p<-p+annotate("text",x=1800,y=.70,label="India")
p<-p+annotate("segment",x=1804,xend=1810,y=.70,yend=.70,color="black",size=0.5,arrow=arrow(length = uni

p<-p+annotate("text",x=1802.5,y=1.05,label="Somaliland")
p<-p+annotate("text",x=1799.7,y=1,label="Sudan")
p<-p+annotate("text",x=1803,y=.95,label="South Africa")
p<-p+annotate("text",x=1804,y=.90,label="British Guiana")
p<-p+annotate("text",x=1806.5,y=.85,label="British East Africa")
p<-p+annotate("segment",x=1810,xend=1818,y=1,yend=1,color="black",size=0.5,arrow=arrow(length = unit(0.

p
```



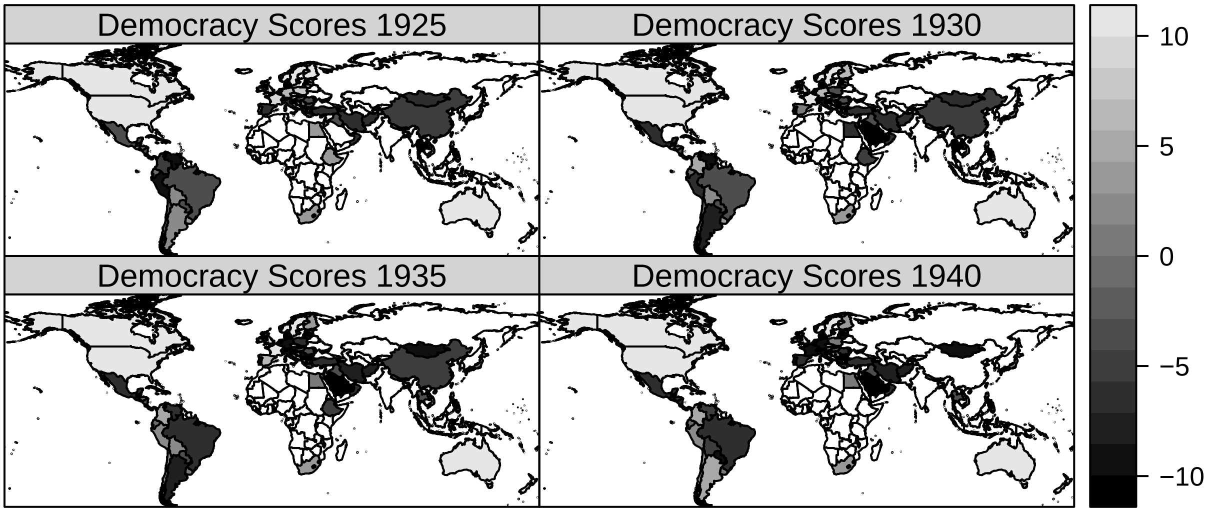

```r
knitr::opts_chunk$set(echo = TRUE)
```

This graph depicts primary products as a percentage of exports for a number of nations including: United Kingdom, United States, India, and a number of other nations that were colonized by the United Kingdom (identified by their current country name). The United Kingdom exported very few primary products, which reinforces their role as the dominant industrial and trade power during the period of Pax Britannica. However, their promotion of trade did not necessarily benefit all nations equally. Settlers of developed countries often colonized underdeveloped regions for the sake of extracting resources. This is depicted in the graph by the many colonies whose exports are almost entirely comprised of primary products fueling the industrialization of the advanced economies. This historical trend is relevant in considering the relative development of these two classes of countries throughout Pax Britannica, but also in the subsequent century. Although countries certainly benefited to some degree from free and open trade under the gold standard, many were hindered by unsustainable economic and political institutions established (or not at established at all) by European settlers. It was necessary for countries to develop beyond export of primary products in order to industrialize, and this is evident in the trend of the United States. Following the era of mercantilism in which the United States was a colony of the United Kingdom, the United States primarily exported primary products. However, the United States began to export an increasing number of industrialized and final products throughout the 19th century before intersecting with the trend of the United Kingdom. This represents development in industries beyond primary products, and this development is reflected in the relative economic outcomes of the United States past this period and into the 20th century. Meanwhile, the countries of Africa and South America that were colonized most often suffered from a lack of sustainable development in these industrialized industries. While many countries – and many actors within these countries – benefited from the promotion of trade during Pax Britannica, many were forced into positions that did not favor economic development.

II. Interwar Period

The Interwar Period comprised the politically contentious period between WWI and WWII. The scale of the conflict and destruction of WWI was unknown before the violence precipitated. In the aftermath of the conflict the prevailing international economic and political institutions were dramatically undermined. Primary among them was the gold standard. Following the costs and economic adjustments caused by the war, the prevailing exchange rates under the gold standard were severely undermined. Despite this, the United Kingdom attempted to salvage the gold standard and restore its hegemonic role in the world economy. However, attempts to restore the gold standard were markedly unsuccessful, and what prevailed instead was a looser gold exchange system. Throughout this period, most countries came off the gold standard out of mutual economic mistrust and instability. The cause of the economic instability was born of the economic costs of the war and the subsequent reparations. WWI was devastatingly costly, and many European countries insisted that war reparations be paid. Germany, in particular, was disadvantaged by these sentiments across Europe. Germany owed massive quantities in war reparations that other countries like France insisted be paid so that they could pay off their own debts to the United States and other countries. The United States was one of the only countries who benefited from the post-war economic climate since countries like France and the United Kingdom owed them war debts, which they intended to pay through German reparation payments. Creditors from the United States then offered additional loans to countries like Germany to pay their reparations, creating a cycle of credit that positioned the United States as the key actor in the global economy at the time. The economic consequences of the war were severe and acutely felt by nations across Europe. Massive inflation during this period was fairly common, since inflation reduced debt burdens. However, in some cases inflation spiraled out of control into periods of hyperinflation. Germany suffered from this phenomenon as the German mark plummeted to over one trillion times its immediate postwar value. German hyperinflation was resolved in time for the economic boom of the 1920s fueled by the new production processes that dramatically reduced the price and increased the quantity of consumer goods. The economic gains of the 1920s signaled recovery for many European nations. This boom did not last long, however, and by the 1930s the world economy collapsed into the Great Depression. Once again, the economic burdens of the depression were acutely felt by many countries and many workers. One of the consequences of the economic burdens of the Interwar Period was the rise of radical political movements in many countries. Radical right groups like the fascists in Germany and Italy and radical left groups like socialists/communists of the Soviet Union emerged on a tide of economic and political discontent from the masses throughout the 1930s. A complementary pattern in the political economy of the interwar period was economic nationalism. Initiated in the United States with the Smoot-Hawley Tariff Act of 1930, which increased tariffs in the United States to their highest level ever, inward-looking protectionist policies swept across the world. International economic relations were reduced to autarky in many countries. Although the Smoot-Hawley Act was motivated by Republicans to remain isolated from the economic and political instability in Europe, similar sentiments fueled economic nationalism in countries from Germany and the Soviet Union to Japan and Argentina. These unresolved and contentious economic political relations erupted in 1939 into a second world war, although it was primarily a continuation of the unresolved issues from the previous war. One other feature that is important to note about the Interwar Period was the emergence of the multinational corporation. The emergence of multinational corporations paralleled the development of more advanced production processes brought about by technological advances. Multinational corporations created global supply chains of producers and suppliers that were connected from the industries that extracted resources and raw materials to the industries that manufactured final products and sold them retail. They accomplished this through vertical and horizontal integration of management throughout the production process. The birth of the multinational corporation was one of the most significant evolutions of economic processes and the role of powerful nonstate actors.

```r
library(haven)
library(cshapes)
polity <- as.data.frame(read_sav("p4v2016.sav"))

polity.1930 <- as.data.frame(polity[polity$year==1930,])
names(polity.1930)[11] <- "polity2.1930"

polity.1935 <- as.data.frame(polity[polity$year==1935,])
names(polity.1935)[11] <- "polity2.1935"

polity.1940 <- as.data.frame(polity[polity$year==1940,])
names(polity.1940)[11] <- "polity2.1940"

polity.1925 <- as.data.frame(polity[polity$year==1925,])
names(polity.1925)[11] <- "polity2.1925"

o <- match(polity.1940$ccode, polity.1930$ccode)
polity.1930 <- polity.1930[o,]

o2 <- match(polity.1940$ccode,polity.1935$ccode)
polity.1935 <- polity.1935[o2,]

o3 <- match(polity.1940$ccode, polity.1925$ccode)
polity.1925 <- polity.1925[o3,]

polity.1940.m <- cbind(polity.1940, polity.1925, polity.1935, polity.1930)

cmap.2005 <- cshp(date=as.Date("2000-1-1"))

o4 <- match(cmap.2005$COWCODE, polity.1940.m$ccode)

polity.1940.m <- polity.1940.m[o4,]
row.names(polity.1940.m) <- cmap.2005$FEATUREID
cmap.2005.m <- spCbind(cmap.2005, polity.1940.m)
vis2<-spplot(cmap.2005.m, c("polity2.1935","polity2.1940","polity2.1925","polity2.1930"), colorkey=TRUE
vis2$condlevels$name<-c("Democracy Scores 1935","Democracy Scores 1940","Democracy Scores 1925", "Democ
vis2
```

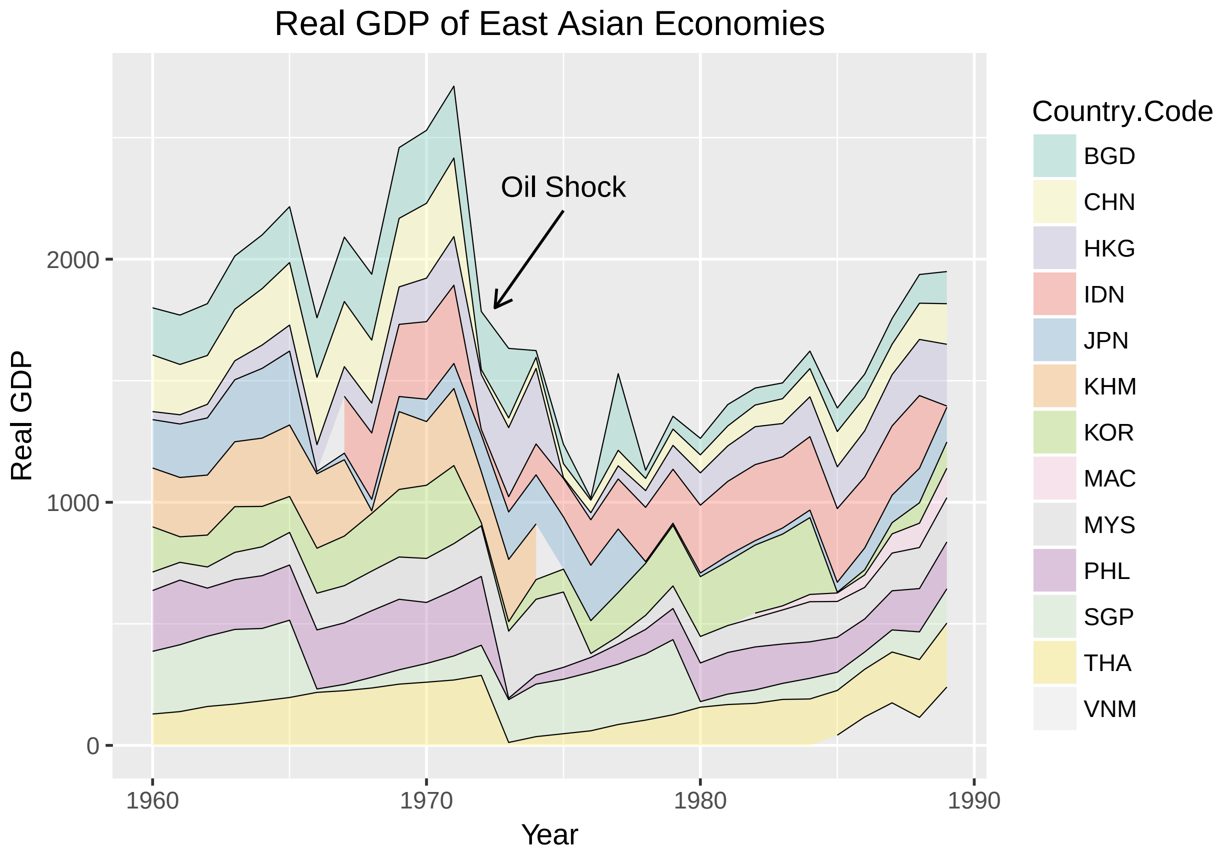


This set of graphs depicts the democracy scores of the nations of the world over the period of 1925-1940. The period covers the Interwar Period leading up to the outbreak of WWII. The conclusion of WWI did not resolve tensions in the European continent, and the economic costs of the war inflicted burdens on a number of countries. The economic struggles of nations were only intensified by the unresolved political tensions between the major world powers that insisted on war reparations. Socioeconomic decline felt by citizens was intensified as a result of the Great Depression and often motivated radical political movements. Radical left political groups (primarily communists and social democrats) and radical right political groups (primarily fascists) emerged and took power in many of the economically burdened countries by capturing the discontent of the nation's burdened workers. These maps track the democracy scores of these countries, which would be expected to decrease as the nationalistic and radical political groups developed into more authoritarian regimes. A decrease in democracy score results in darker shades on the map. This is, in fact, what the series of maps show. This is true particularly in Europe and Latin America where the general trend is for each respective continent to grow darker as time progresses. This should come as no surprise because these are the regions that were struggling economically during this era (along with many African nations, but there is not available data for much of Africa). Many countries across the world turned towards economic nationalism and retreated from international trade flows towards autarky under relatively less democratic and more authoritarian regimes. The increase in radical political groups coupled with the evolution of authoritarian regimes culminated in Europe in WWII, where many of the previously unresolved grievances came to the fore. Beyond Europe, namely in Latin America, WWII did not resolve many of the underlying economic concerns that the emergence of multinational corporations only intensified. These Latin American countries gradually trended towards more democratic rule in subsequent decades.

III. Bretton Woods and the Cold War

The Bretton Woods era lasted from the conclusion of World War II in 1945 until roughly the collapse of the Soviet Union in 1991. Although the Bretton Woods system collapsed in 1971, many of the broader political and economic trends of the era continued until about 1991, when a new era in the global political economy emerged. After the conclusion of WWII, a number of international institutions were founded to aid in the recovery of war-devastated and economically burdened countries to curb the rising challenge of the Soviet Union and communism. One of the most significant economic institutions that was established was the new international monetary system ushered in by the United States. Because of the United States' position as the only remaining world power in the West following the destruction and mass-casualties of WWII, the United States was able to secure its predominant role as the leader of the rebuilding world economy and the defender of democratic values. The international monetary system that was established was a system of adjustable fixed exchange rate pegs. Other countries fixed their currency to the US dollar, and the US dollar was fixed to the price of gold at 35 dollars per ounce of gold. This was known as the gold dollar standard, and it secured the United States as the center of the international monetary system and dramatically promoted the expansion of the US dollar as the predominant medium of exchange in the world economy. Another institution reflective of the United States' new role in the world economy was the Marshall Plan, which sent 13.5 billion dollars to aid in the recovery of European allies. The World Bank and the International Monetary Fund were two other significant economic institutions founded during this time that still carry relevance today. The IMF was originally intended to lend funds to countries experiencing short-term balance of payment difficulties from a pool of reserves contributed to by all member countries. The World Bank originally provided loans to countries to fund investment projects that would facilitate further private investment projects to fuel economic growth. All of these institutions were created under Bretton Woods, and they are significant because they represented successful multilateral organizations, which were among the many trends of this era. This is reflective of the emergence of neoliberal institutionalism, which suggested that increasing opportunities for interactions among nations increased their ability to cooperate. The other consequential economic institution that was founded at this time was the General Agreement on Tariffs and Trade, the precursor to the World Trade Organization. The GATT recommitted the world to liberalized international trade. The GATT facilitated a dramatic reduction in tariffs and barriers to trade among its original twenty-three participating countries. It also inaugurated the principle of most-favored-nation status, which required countries to offer equal and nondiscriminatory trade policies towards other countries within the agreement. The series of bilateral trade deals that flourished under GATT contributed to the increasing reductions in the barriers to trade throughout this period. Although many of these institutions still exist today, their functions have altered, and Bretton Woods as a system collapsed in 1971. The gold dollar standard was effective when the United States dominated world trade. However, as financial markets recovered and expanded and European economies and Japan became more powerful players, the position of the US dollar became increasingly untenable. As the reliability of the dollar faltered, foreign governments and investors exchanged their dollars for gold in fear of the dollar losing value. France, in particular, put overwhelming strain on the system when they bought up three billion of the seven billion dollars total worth of gold reserves. This self-fulfilling prophecy induced the system to collapse, and after a brief adjustment of the US price of gold, President Nixon formally ended the Bretton Woods system in 1971.

```
library(openxlsx)
data2<-read.csv("GDP.csv")
names(data2)[5]<-"GDP"
data2<-data2[which(data2$GDP!=".."),]
attach(data2)

data3<-read.csv("LA_GDP.csv")
names(data3)[5]<-"GDP"
data3<-data3[which(data3$GDP!=".."),]
attach(data3)

library(ggplot2)
a<-ggplot(data2,aes(x=Time,y=as.numeric(GDP),ylab="Real GDP",fill=Country.Code))+ggtitle("Real GDP of Ea
a<-a+annotate("text",x=1975,y=2300,label="Oil Shock")
a<-a+annotate("segment",x=1975,xend=1972.5,y=2200,yend=1800,color="black",size=0.5,arrow=arrow(length=un
a
```




```
b<-ggplot(data3,aes(x=Time,y=as.numeric(GDP),fill=Country.Code))+ggtitle("Real GDP of Latin American Eco
b<-b+annotate("text",x=1976.5,y=2600,label="Oil Shock")
b<-b+annotate("segment",x=1975,xend=1974,y=2500,yend=2100,color="black",size=0.5,arrow=arrow(length = un
b<-b+annotate("rect",xmin=1980,xmax=1989,ymin=0,ymax=3200,alpha=.10)
b<-b+annotate("text",x=1985,y=3000,label="LA Debt Crisis")
b
```


```r
knitr::opts_chunk$set(echo = TRUE)
```

Another significant narrative that underpinned the global economy throughout the Bretton Woods system was economic development. This period is characterized by the rapid and impressive growth of East Asian countries pursuing export-oriented growth on the one hand, and Latin American countries failing to achieve this same success while pursuing import substitution industrialization on the other. These two comparative graphs reveal a lot about the relative economic development of these two regions during the Bretton Woods era, and they contain evidence of many of the significant historical events of the period. These graphs show stacked plots of real GDP for the major economies of East Asia and Latin America, respectively. Each graph depicts the relative economic development of the region as a whole by stacking each individual country's real GDP in any given year on top of each other. The impressive growth in the 1960s in East Asia is reflective of the export-led "Asian Miracle" that characterized the early economic development in East Asia. The oil shock of the early 1970s pursued by OPEC significantly reduced GDP in many regions of the world, and East Asia was no exception. This event, itself, is also reflective of the broad political and economic trends of the Bretton Woods era. OPEC is a multilateral organization, one of many created during this era, which intended to control oil markets through the coordination of oil-producing countries. The shock this event had on the world's economies reflects the scope of economic interdependence that was growing since WWII, as well as the potential fragility of the system in which a few relatively authoritarian governments controlled one of the world's most important resource driving development and economic growth. Following the oil shock, the East Asian nations recovered and showed signs of significant growth throughout the 1980s (although this would be halted again in the 1990s during the Asian Financial Crisis). The experience of Latin American countries was dramatically different during this same period. Latin American nations showed only modest growth throughout the 1960s before they, too, suffered from the oil shocks. Recovery took time, but growth stagnated and declined in the 1980s during the Latin American Debt Crisis. This economic trajectory for the region was primarily influenced by the import substitution industrialization pursued by many countries in the region. This alternative approach to development failed and culminated in the "lost decade" in Latin

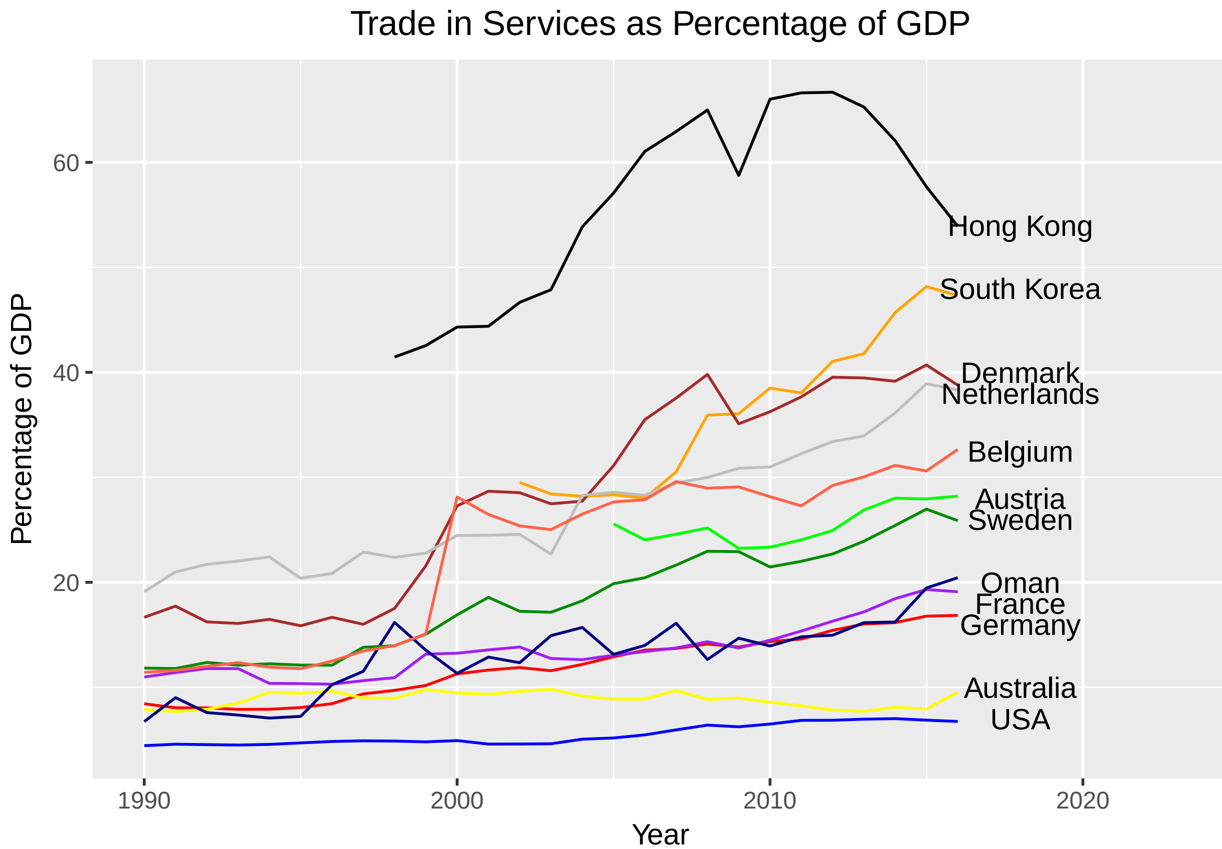
America as many countries suffered from the debt crisis triggered by the rising interest rates in the United States. Much of Latin America's ISI approach was funded through credit supplied through the United States. As debt dramatically rose across Latin America, the sudden interest rate hikes hindered the ability to pay back debt triggering a widespread crisis.

IV. Globalization

The era of globalization in the political economy is marked by extreme and rapid changes and developments fueled by technological advancements and extensive economic interdependence. The collapse and dissolution of the Soviet Union in 1991 dissolved one of the final remaining barriers to international connectedness. The physical and visual symbol of the Berlin Wall collapsed in 1989, and the political remnants of the system faded away by 1991. The seeds of globalization were planted in many of the policies and institutions of the Bretton Woods era, but they came to fruition in the globalization era. For instance, the appointment of Paul Volcker as the Chairman of the Federal Reserve Bank signaled a new era for investors. Volcker pursued a contractionary policy to curb the rising inflation rates, resulting in a broad recession across the country. The contractionary policy raised short-term interest rates to keep inflation down, signaling a shift in the relative power of investors in the economic system. One of the defining features of the globalized era is liberalized trade and financial flows. The capital mobility restrictions in place under the Bretton Woods system gave way to dramatic capital mobility. Although these liberalized financial flows easily move capital around the world and benefit an elite class of financial actors, they also contribute to cyclical crises. Among the first signs of the volatility of the financial system was the Asian Financial Crisis in 1997. East Asia experienced rapid growth prior to the crisis. Throughout their growth, the many emerging economies of East Asia provided stable currencies and economies for investors. However, all booms must culminate in a bust, and this occurred in 1997 when investors lost confidence in the stability of the economies as exports slowed, inflation rose, and national debt increased. The resulting speculative attack crippled East Asian currency markets as investors rushed to capitalize on the crisis. A similar cycle was repeated during the 2008 Global Financial Crisis. Although the conditions that contributed to the crisis were much broader and more complicated than the Asian Financial Crisis, the general cycle of a frenzy of unrestricted financial activity leading to a cyclical boom that culminated in a devastating bust reveals something about the nature of capital flows in the globalized political economy. Finance was among the last industries to be liberalized, but it is perhaps the most consequential. Extreme capital mobility allows massive quantities of funds to be transferred around the world controlled by private actors with the ability to dramatically impact a country's economy, and therefore its governance. This concept has been coined as the "information standard" by Walter Wriston, the former chairman of Citicorp. Financial flows and the private interests and actors that control them have overwhelming power in affecting economic outcomes in countries, and according to Wriston, this acts as an accountability measure that ensures governments pursue policies that stabilize their economy. The consequence of this trend is the subjection of national interests to transnational capital. Another significant development in the era of globalization is the increase in the tradability of services. This has been fueled by technological advancements that enable industries that can be serviced digitally to be traded internationally. This development has many economic and political consequences associated with it. As more industries and professions are subjected to tradability, jobs will be offshored in previously secure industries. This transition creates a new set of winners and losers compared with the traditional winners and losers of global trade flows. This new class of professionals are more educated, wealthier, and more politically engaged, which makes this development an increasing concern. Challenges to globalization are frequent as those who have not benefitted from these rapid economic developments organize. The fate of this contemporary era of the political economy may rest upon the political backlash that has been motivated by globalization.

```r
data4<-read.csv("services.csv")
attach(data4)
names(data4)[5]<-"Services"
names(data4)[1]<-"Country"
data4<-data4[which(data4$Services!=".."),]

Germany<-data4[which(data4$Country=="Germany"),]
USA<-data4[which(data4$Country=="United States"),]
```

```r
Australia<-data4[which(data4$Country=="Australia"),]
Austria<-data4[which(data4$Country=="Austria"),]
France<-data4[which(data4$Country=="France"),]
Belgium<-data4[which(data4$Country=="Belgium"),]
Hong_Kong<-data4[which(data4$Country=="Hong Kong SAR, China"),]
India<-data4[which(data4$Country=="India"),]
Denmark<-data4[which(data4$Country=="Denmark"),]
Netherlands<-data4[which(data4$Country=="Netherlands"),]
Korea<-data4[which(data4$Country=="Korea,Rep"),]
Oman<-data4[which(data4$Country=="Oman"),]
Sweden<-data4[which(data4$Country=="Sweden"),]
Switzerland<-data4[which(data4$Country=="Switzerland"),]

z<- ggplot() +
  geom_line(data = Germany, aes(x = Time, y = as.numeric(paste(Services))), color = "red") +
  geom_line(data = USA, aes(x = Time, y = as.numeric(paste(Services))), color = "blue") +
  geom_line(data = Australia, aes(x = Time, y = as.numeric(paste(Services))), color = "yellow") +
  geom_line(data = Austria, aes(x = Time, y = as.numeric(paste(Services))), color = "green") +
  geom_line(data = France, aes(x = Time, y = as.numeric(paste(Services))), color = "purple") +
  geom_line(data = Belgium, aes(x = Time, y = as.numeric(paste(Services))), color = "orange") +
  geom_line(data = Hong_Kong, aes(x = Time, y = as.numeric(paste(Services))), color = "black") +
  geom_line(data = India, aes(x = Time, y = as.numeric(paste(Services))), color = "pink") +
  geom_line(data = Denmark, aes(x = Time, y = as.numeric(paste(Services))), color = "brown") +
  geom_line(data = Netherlands, aes(x = Time, y = as.numeric(paste(Services))), color = "gray") +
  geom_line(data = Korea, aes(x = Time, y = as.numeric(paste(Services))), color = "gold") +
  geom_line(data = Oman, aes(x = Time, y = as.numeric(paste(Services))), color = "navy") +
  geom_line(data = Sweden, aes(x = Time, y = as.numeric(paste(Services))), color = "green4") +
  geom_line(data = Switzerland, aes(x = Time, y = as.numeric(paste(Services))), color = "tomato1") +
  xlab('Year') +
  ylab('Percentage of GDP')+
  ggtitle("Trade in Services as Percentage of GDP")+
  theme(plot.title = element_text(hjust = 0.5))+
  xlim(1990,2023)+
  annotate("text",x=2018,y=54,label="Hong Kong")+
  annotate("text",x=2018,y=48,label="South Korea")+
  annotate("text",x=2018,y=40,label="Denmark")+
  annotate("text",x=2018,y=38,label="Netherlands")+
  annotate("text",x=2018,y=32.5,label="Belgium")+
  annotate("text",x=2018,y=28,label="Austria")+
  annotate("text",x=2018,y=26,label="Sweden")+
  annotate("text",x=2018,y=20,label="Oman")+
  annotate("text",x=2018,y=18,label="France")+
  annotate("text",x=2018,y=16,label="Germany")+
  annotate("text",x=2018,y=10,label="Australia")+
  annotate("text",x=2018,y=7,label="USA")
z
```



The most recent era of globalization in world economic relations has brought dramatic evolutions to the nature of political economy. Barriers to trade are being brought down, advancements in telecommunications are connecting the world digitally, and migration across borders is becoming a facet of everyday life. Many of these forces of economic and technological advancement explain the trend seen in this time series graph. This graph displays trade in services as a percentage of real GDP for some of the world's high-income countries. The graph reveals that trade in services is increasing at a rapid pace. This trend intensified beginning at the end of the 1990s and came as a result of increased access to the internet. As the expansion of internet-use and internet technologies drove economic development, they also revealed which industries and professions could be performed digitally. These industries and professions are increasingly becoming subjected to international trade as the division of labor that characterized the first period of trade liberalization under Pax Britannica is pursued in its contemporary iteration. This trade in services is reaching all corners of the globe from the Americas, to Europe, to the Pacific, and the Middle East. However, notable among the several countries on this graph is the United States with its still relatively low quantity of services traded as a percentage of GDP. However, considering the magnitude of the United States' economy this is still a large quantity in absolute terms. This does, however, reveal that many of the countries seeing the most dramatic increases in trade in services as a percentage of GDP are smaller states like South Korea, Hong Kong, the Netherlands, Denmark, and Switzerland. This percentage is relatively low for several of the largest countries on the list like the United States, Australia, and Germany. As technologies continue to develop and more service industries become subject to international trade, this percentage is expected to increase for most countries.

All content referenced comes from: Frieden, Jeffry A. 2007. Global Capitalism: Its Fall and Rise in the Twentieth Century (New York: WW Norton).