

PRINCIPAL FACTORS FOLLOWING WWII

- ◆ THE BI-POLAR COLD WAR
U.S. VS THE USSR
- ◆ THE RESTRUCTURED WORLD ECONOMIC SYSTEM
MARKET SYSTEM: OPEN TRADE
INSTITUTIONS: IMF, WORLD BANK, GATT
- ◆ DECOLONIZATION
THE WEST EUROPEAN COLONIES

THE ECONOMIC INSTRUMENT OF POWER (I)

The U.S. government has a **limited ability to use its economic instrument of power**, unlike the political/diplomatic and military instruments, which it controls.

A. First, like all states, it must operate within the world economic system, which is primarily a **market system**, dependent upon the forces of supply and demand.

B. Second, in a society where most of **economic behavior is determined by private citizens and almost all of the production of goods and services is controlled by private firms**, the U.S. government, unlike some other states, cannot directly control that economic behavior.

THE ECONOMIC INSTRUMENT OF POWER (II)

The economic instrument of power is a resource.
Economic power provides a basis for creating other instruments of power, especially the military instrument.

The US government wields the economic instrument of power directly through:

- ◆ *Negotiations with other states*
- ◆ Tariffs and quotas
- ◆ Domestic regulations
- ◆ Economic sanctions
- ◆ Economic incentives
- ◆ Foreign economic aid

The primary use of the U.S. economic instrument of power is through negotiations. This diplomatic process is the basis for economic relations between states and international institutions:

- ◆ economic treaties
- ◆ creation of institutions and cooperative relationships
- ◆ coordinated use of the economic instruments of power
- ◆ efforts to coordinate economic policies.



TIERS, A WAY TO VIEW DEVELOPMENT

- Not a value judgement. Not a causal statement or relationship.
- **First Tier**
 - effective government
 - integrated into the world economy
 - integrated into the world politically
 - preference for orderly change
 - no violent internal conflict
- **Third Tier** – often failed states
 - an ineffective government
 - weak economy that is not well integrated into the world economy
 - weak external relations
 - preference, perhaps, for radical change
 - Often violent internal conflict
- **Second Tier** –transitional upwards or downwards
 - uneven or incomplete trend toward first tier characteristics
 - mired or transitional downward – closer to third tier in characteristics or trend toward those characteristics

INDICATORS OF A FAILED OR FAILING STATE

THE STATE **CANNOT OR WILL NOT DELIVER** WHAT ITS PEOPLE NEED:
SECURITY, EDUCATION, HEALTH SERVICES, FUNCTIONING ECONOMY,
A JUDICIAL SYSTEM, AND FUNDAMENTAL INFRASTRUCTURE.

GROWTH OF INTERNAL VIOLENCE – DRIVEN BY CRIMINALS,
ETHNIC/INTERCOMMUNAL ENMITY, POLITICAL GROUPS, OR THE
GOVERNMENT.

BASIC ELEMENTS OF INTERNAL SOVEREIGNTY ARE OR ARE BEING LOST:

ABILITY TO GOVERN

SUPPORT OF ITS PEOPLE

CONTROL OVER TERRITORY

MONOPOLY OVER THE CONTROL OVER MEANS OF FORCE

SUPREMACY OVER ALL OTHER ENTITIES WITHIN ITS BORDERS